
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO

Commission file number: 33-03094

MetLife Insurance Company of Connecticut

(Exact name of registrant as specified in its charter)

Connecticut

(State or other jurisdiction of incorporation or organization)

06-0566090

(I.R.S. Employer Identification No.)

1300 Hall Boulevard, Bloomfield, Connecticut

(Address of principal executive offices)

06002

(Zip Code)

(860) 656-3000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At May 12, 2011, 34,595,317 shares of the registrant's common stock, \$2.50 par value per share, were outstanding, of which 30,000,000 shares were owned directly by MetLife, Inc. and the remaining 4,595,317 shares were owned by MetLife Investors Group, Inc., a wholly-owned subsidiary of MetLife, Inc.

REDUCED DISCLOSURE FORMAT

The registrant meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is, therefore, filing this Form 10-Q with the reduced disclosure format.

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As used in this Form 10-Q, “MICC,” the “Company,” “we,” “our” and “us” refer to MetLife Insurance Company of Connecticut, a Connecticut corporation incorporated in 1863, and its subsidiaries, including MetLife Investors USA Insurance Company (“MLI-USA”). MetLife Insurance Company of Connecticut is a wholly-owned subsidiary of MetLife, Inc. (“MetLife”).

Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, including Management’s Discussion and Analysis of Financial Condition and Results of Operations, may contain or incorporate by reference information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe” and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results.

Any or all forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining the actual future results of MetLife Insurance Company of Connecticut and its subsidiaries. These statements are based on current expectations and the current economic environment. They involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance. Actual results could differ materially from those expressed or implied in the forward-looking statements. Risks, uncertainties, and other factors that might cause such differences include the risks, uncertainties and other factors identified in MetLife Insurance Company of Connecticut’s filings with the U.S. Securities and Exchange Commission (the “SEC”). These factors include: (1) difficult conditions in the global capital markets; (2) increased volatility and disruption of the capital and credit markets, which may affect our ability to seek financing or access our credit facilities; (3) uncertainty about the effectiveness of the U.S. government’s programs to stabilize the financial system, the imposition of fees relating thereto, or the promulgation of additional regulations; (4) impact of comprehensive financial services regulation reform on us; (5) exposure to financial and capital market risk; (6) changes in general economic conditions, including the performance of financial markets and interest rates, which may affect our ability to raise capital, generate fee income and market-related revenue and finance statutory reserve requirements and may require us to pledge collateral or make payments related to declines in value of specified assets; (7) potential liquidity and other risks resulting from our participation in a securities lending program and other transactions; (8) investment losses and defaults, and changes to investment valuations; (9) impairments of goodwill and realized losses or market value impairments to illiquid assets; (10) defaults on our mortgage loans; (11) the impairment of other financial institutions that could adversely affect our investments or business; (12) our ability to address unforeseen liabilities, asset impairments, loss of key contractual relationships, or rating actions arising from acquisitions or dispositions and to successfully integrate and manage the growth of acquired businesses with minimal disruption; (13) economic, political, currency and other risks relating to our international operations, including with respect to fluctuations of exchange rates; (14) downgrades in our claims paying ability, financial strength or credit ratings; (15) ineffectiveness of risk management policies and procedures; (16) availability and effectiveness of reinsurance or indemnification arrangements, as well as default or failure of counterparties to perform; (17) discrepancies between actual claims experience and assumptions used in setting prices for our products and establishing the liabilities for our obligations for future policy benefits and claims; (18) catastrophe losses; (19) heightened competition, including with respect to pricing, entry of new competitors, consolidation of distributors, the development of new products by new and existing competitors, distribution of amounts available under U.S. government programs, and for personnel; (20) unanticipated changes in industry trends; (21) changes in accounting standards, practices and/or policies; (22) changes in assumptions related to deferred policy acquisition costs, deferred sales inducements, value of business acquired or goodwill; (23) exposure to losses related to variable annuity guarantee benefits, including from significant and sustained downturns or extreme volatility in equity markets, reduced interest rates, unanticipated policyholder behavior, mortality or longevity, and the adjustment for nonperformance risk; (24) adverse results or other consequences from litigation,

arbitration or regulatory investigations; (25) inability to protect our intellectual property rights or claims of infringement of the intellectual property rights of others; (26) discrepancies between actual experience and assumptions used in establishing liabilities related to other contingencies or obligations; (27) regulatory, legislative or tax changes that may affect the cost of, or demand for, our products or services, impair the ability of MetLife and its affiliates to attract and retain talented and experienced management and other employees, or increase the cost or administrative burdens of providing benefits to the employees who conduct our business; (28) the effects of business disruption or economic contraction due to terrorism, other hostilities, or natural catastrophes, including any related impact on our disaster recovery systems and management continuity planning which could impair our ability to conduct business effectively; (29) the effectiveness of our programs and practices in avoiding giving our associates incentives to take excessive risks; and (30) other risks and uncertainties described from time to time in MetLife Insurance Company of Connecticut's filings with the SEC.

We do not undertake any obligation to publicly correct or update any forward-looking statement if we later become aware that such statement is not likely to be achieved. Please consult any further disclosures MetLife Insurance Company of Connecticut makes on related subjects in reports to the SEC.

Note Regarding Reliance on Statements in Our Contracts

In reviewing the agreements included as exhibits to this Quarterly Report on Form 10-Q, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about MetLife Insurance Company of Connecticut, its subsidiaries or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about MetLife Insurance Company of Connecticut and its subsidiaries may be found elsewhere in this Quarterly Report on Form 10-Q and MetLife Insurance Company of Connecticut's other public filings, which are available without charge through the SEC website at www.sec.gov.

Part I — Financial Information**Item 1. Financial Statements****MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)****Interim Condensed Consolidated Balance Sheets
March 31, 2011 (Unaudited) and December 31, 2010****(In millions, except share and per share data)**

	<u>March 31, 2011</u>	<u>December 31, 2010</u>
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: \$44,390 and \$44,132, respectively)	\$ 45,100	\$ 44,924
Equity securities available-for-sale, at estimated fair value (cost: \$431 and \$427, respectively)	424	405
Other securities, at estimated fair value	2,625	2,247
Mortgage loans (net of valuation allowances of \$84 and \$87, respectively; includes \$6,771 and \$6,840, respectively, at estimated fair value, relating to variable interest entities)	12,634	12,730
Policy loans	1,186	1,190
Real estate and real estate joint ventures	511	501
Other limited partnership interests	1,616	1,538
Short-term investments, principally at estimated fair value	1,166	1,235
Other invested assets, principally at estimated fair value	1,558	1,716
Total investments	66,820	66,486
Cash and cash equivalents, principally at estimated fair value	1,796	1,928
Accrued investment income (includes \$30 and \$31, respectively, relating to variable interest entities)	569	559
Premiums, reinsurance and other receivables	16,616	17,008
Deferred policy acquisition costs and value of business acquired	5,297	5,099
Current income tax recoverable	32	38
Deferred income tax assets	337	356
Goodwill	953	953
Other assets	1,846	839
Separate account assets	66,280	61,619
Total assets	<u>\$ 160,546</u>	<u>\$ 154,885</u>
Liabilities and Stockholders' Equity		
Liabilities		
Future policy benefits	\$ 23,371	\$ 23,198
Policyholder account balances	40,432	39,291
Other policy-related balances	2,705	2,652
Payables for collateral under securities loaned and other transactions	7,718	8,103
Long-term debt (includes \$6,693 and \$6,773, respectively, at estimated fair value, relating to variable interest entities)	7,488	7,568
Other liabilities (includes \$30 and \$31, respectively, relating to variable interest entities)	4,490	4,503
Separate account liabilities	66,280	61,619
Total liabilities	152,484	146,934
Contingencies, Commitments and Guarantees (Note 5)		
Stockholders' Equity		
Common stock, par value \$2.50 per share; 40,000,000 shares authorized; 34,595,317 shares issued and outstanding at March 31, 2011 and December 31, 2010	86	86
Additional paid-in capital	6,719	6,719
Retained earnings	1,094	934
Accumulated other comprehensive income (loss)	163	212
Total stockholders' equity	8,062	7,951
Total liabilities and stockholders' equity	<u>\$ 160,546</u>	<u>\$ 154,885</u>

See accompanying notes to the interim condensed consolidated financial statements.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Interim Condensed Consolidated Statements of Operations
For the Three Months Ended March 31, 2011 and 2010 (Unaudited)

(In millions)

	Three Months Ended March 31,	
	<u>2011</u>	<u>2010</u>
Revenues		
Premiums	\$ 136	\$ 455
Universal life and investment-type product policy fees	455	369
Net investment income	788	790
Other revenues	130	110
Net investment gains (losses):		
Other-than-temporary impairments on fixed maturity securities	(9)	(34)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	(2)	16
Other net investment gains (losses)	(3)	55
Total net investment gains (losses)	(14)	37
Net derivative gains (losses)	(156)	(308)
Total revenues	<u>1,339</u>	<u>1,453</u>
Expenses		
Policyholder benefits and claims	327	694
Interest credited to policyholder account balances	287	316
Other expenses	504	419
Total expenses	<u>1,118</u>	<u>1,429</u>
Income (loss) before provision for income tax	221	24
Provision for income tax expense (benefit)	61	(8)
Net income	<u>\$ 160</u>	<u>\$ 32</u>

See accompanying notes to the interim condensed consolidated financial statements.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Interim Condensed Consolidated Statements of Stockholders' Equity
For the Three Months Ended March 31, 2011 (Unaudited)

(In millions)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)			Total Equity
				Net Unrealized Investment Gains (Losses)	Other-Than- Temporary Impairments	Foreign Currency Translation Adjustments	
Balance at December 31, 2010	\$ 86	\$ 6,719	\$ 934	\$ 388	\$ (51)	\$ (125)	\$7,951
Comprehensive income (loss):							
Net income			160				160
Other comprehensive income (loss):							
Unrealized gains (losses) on derivative instruments, net of income tax				(15)			(15)
Unrealized investment gains (losses), net of related offsets and income tax				(50)	3		(47)
Foreign currency translation adjustments, net of income tax						13	13
Other comprehensive income (loss)							(49)
Comprehensive income (loss)							111
Balance at March 31, 2011	<u>\$ 86</u>	<u>\$ 6,719</u>	<u>\$ 1,094</u>	<u>\$ 323</u>	<u>\$ (48)</u>	<u>\$ (112)</u>	<u>\$8,062</u>

See accompanying notes to the interim condensed consolidated financial statements.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Interim Condensed Consolidated Statements of Stockholders' Equity — (Continued)
For the Three Months Ended March 31, 2010 (Unaudited)

(In millions)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)			Total Equity
				Net Unrealized Investment Gains (Losses)	Other-Than- Temporary Impairments	Foreign Currency Translation Adjustments	
Balance at December 31, 2009	\$ 86	\$ 6,719	\$ 541	\$ (593)	\$ (83)	\$ (109)	\$6,561
Cumulative effect of change in accounting principle, net of income tax	—	—	(34)	23	11	—	—
Balance at January 1, 2010	86	6,719	507	(570)	(72)	(109)	6,561
Comprehensive income (loss):							
Net income			32				32
Other comprehensive income (loss):							
Unrealized gains (losses) on derivative instruments, net of income tax				4			4
Unrealized investment gains (losses), net of related offsets and income tax				369	(2)		367
Foreign currency translation adjustments, net of income tax						(7)	(7)
Other comprehensive income (loss)							364
Comprehensive income (loss)							396
Balance at March 31, 2010	<u>\$ 86</u>	<u>\$ 6,719</u>	<u>\$ 539</u>	<u>\$ (197)</u>	<u>\$ (74)</u>	<u>\$ (116)</u>	<u>\$6,957</u>

See accompanying notes to the interim condensed consolidated financial statements.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Interim Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2010 and 2009 (Unaudited)

(In millions)

	Three Months Ended March 31,	
	2011	2010
Net cash (used in) provided by operating activities	\$ (3)	\$ 484
Cash flows from investing activities		
Sales, maturities and repayments of:		
Fixed maturity securities	3,973	3,329
Equity securities	19	8
Mortgage loans	210	205
Real estate and real estate joint ventures	5	6
Other limited partnership interests	63	3
Purchases of:		
Fixed maturity securities	(4,005)	(4,454)
Equity securities	(5)	(23)
Mortgage loans	(90)	(113)
Real estate and real estate joint ventures	(39)	(41)
Other limited partnership interests	(84)	(47)
Cash received in connection with freestanding derivatives	194	23
Cash paid in connection with freestanding derivatives	(145)	(52)
Net change in policy loans	4	(2)
Net change in short-term investments	63	303
Net change in other invested assets	(151)	(19)
Other, net	1	1
Net cash provided by (used in) investing activities	13	(873)
Cash flows from financing activities		
Policyholder account balances:		
Deposits	5,877	5,517
Withdrawals	(5,545)	(5,655)
Net change in payables for collateral under securities loaned and other transactions	(385)	104
Long-term debt repaid	(86)	(185)
Financing element on certain derivative instruments	(8)	(11)
Net cash used in financing activities	(147)	(230)
Effect of change in foreign currency exchange rates on cash and cash equivalents balances	5	(20)
Change in cash and cash equivalents	(132)	(639)
Cash and cash equivalents, beginning of period	1,928	2,574
Cash and cash equivalents, end of period	\$ 1,796	\$ 1,935
Supplemental disclosures of cash flow information:		
Net cash paid during the period for:		
Interest	\$ 96	\$ 113
Income tax	\$ 2	\$ 22

See accompanying notes to the interim condensed consolidated financial statements.

**MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)**

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

1. Business, Basis of Presentation and Summary of Significant Accounting Policies

Business

“MICC” or the “Company” refers to MetLife Insurance Company of Connecticut, a Connecticut corporation incorporated in 1863, and its subsidiaries, including MetLife Investors USA Insurance Company (“MLI-USA”). MetLife Insurance Company of Connecticut is a subsidiary of MetLife, Inc. (“MetLife”). The Company offers individual annuities, individual life insurance, and institutional protection and asset accumulation products.

Basis of Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported in the interim condensed consolidated financial statements.

In applying the Company’s accounting policies, management makes subjective and complex judgments that frequently require estimates about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to the Company’s businesses and operations. Actual results could differ from these estimates.

The accompanying interim condensed consolidated financial statements include the accounts of MetLife Insurance Company of Connecticut and its subsidiaries, as well as partnerships and joint ventures in which the Company has control and variable interest entities (“VIEs”) for which the Company is the primary beneficiary. Intercompany accounts and transactions have been eliminated.

The Company uses the equity method of accounting for investments in equity securities in which it has a significant influence or more than a 20% interest and for real estate joint ventures and other limited partnership interests in which it has more than a minor equity interest or more than a minor influence over the joint venture’s or partnership’s operations, but does not have a controlling interest and is not the primary beneficiary. The Company uses the cost method of accounting for investments in real estate joint ventures and other limited partnership interests in which it has a minor equity investment and virtually no influence over the joint venture’s or the partnership’s operations.

Certain amounts in the prior year period’s interim condensed consolidated financial statements have been reclassified to conform with the 2011 presentation. Such reclassifications include:

- Reclassification from other net investment gains (losses) of (\$308) million to net derivative gains (losses) in the consolidated statements of operations for the three months ended March 31, 2010; and
- Reclassifications related to operating revenues and expenses that affected results of operations on a segment and consolidated basis. See Note 7.

Since the Company is a member of a controlled group of affiliated companies, its results may not be indicative of those of a stand-alone entity.

The accompanying interim condensed consolidated financial statements reflect all adjustments (including normal recurring adjustments) necessary to present fairly the consolidated financial position of the Company at March 31, 2011, its consolidated results of operations for the three months ended March 31, 2011 and 2010, its consolidated cash flows for the three months ended March 31, 2011 and 2010, and its consolidated statements of stockholders’ equity for the three months ended March 31, 2011 and 2010, in conformity with GAAP. Interim results are not necessarily indicative of full year performance. The December 31, 2010 consolidated balance sheet data was derived from audited consolidated financial statements included in MetLife Insurance Company of Connecticut’s Annual Report on Form 10-K for the year ended December 31, 2010 (the “2010 Annual Report”), filed with the U.S. Securities and Exchange Commission, which includes all disclosures required by GAAP.

**MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)**

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

Therefore, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company included in the 2010 Annual Report.

Adoption of New Accounting Pronouncements

Effective January 1, 2011, the Company adopted new guidance that addresses when a business combination should be assumed to have occurred for the purpose of providing pro forma disclosure. Under the new guidance, if an entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period. The guidance also expands the supplemental pro forma disclosures to include additional narratives. The adoption did not have an impact on the Company's consolidated financial statements.

Effective January 1, 2011, the Company adopted new guidance regarding goodwill impairment testing. This guidance modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity would be required to perform Step 2 of the test if qualitative factors indicate that it is more likely than not that goodwill impairment exists. The adoption did not have an impact on the Company's consolidated financial statements.

Effective January 1, 2011, the Company adopted new guidance regarding accounting for investment funds determined to be VIEs. Under this guidance, an insurance entity would not be required to consolidate a voting-interest investment fund when it holds the majority of the voting interests of the fund through its separate accounts. In addition, an insurance entity would not consider the interests held through separate accounts for the benefit of policyholders in the insurer's evaluation of its economics in a VIE, unless the separate account contractholder is a related party. The adoption did not have a material impact on the Company's consolidated financial statements.

Future Adoption of New Accounting Pronouncements

In April 2011, the Financial Accounting Standards Board ("FASB") issued new guidance regarding effective control in repurchase agreements (Accounting Standards Update ("ASU") 2011-03, *Transfers and Servicing (Topic 860): Reconsideration of Effective Control for Repurchase Agreements*), effective for the first interim or annual period beginning on or after December 15, 2011. The guidance should be applied prospectively to transactions or modifications of existing transactions that occur on or after the effective date. The amendments in this ASU remove from the assessment of effective control the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In April 2011, the FASB issued new guidance regarding accounting for troubled debt restructuring (ASU 2011-02, *Receivables (Topic 310): A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring*), effective for the first interim or annual period beginning on or after June 15, 2011 and should be applied retrospectively to the beginning of the annual period of adoption. This guidance clarifies whether a creditor has granted a concession and whether a debtor is experiencing financial difficulties for the purpose of determining when a restructuring constitutes a troubled debt restructuring. The Company is currently evaluating the impact this guidance would have on its consolidated financial statements and related disclosures.

In October 2010, the FASB issued new guidance regarding accounting for deferred acquisition costs (ASU 2010-26, *Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts*) effective for the first quarter of 2012. This guidance clarifies the costs that should be deferred by insurance entities when issuing and renewing insurance contracts. The guidance also specifies that only costs related directly to successful acquisition of new or renewal contracts can be capitalized. All other acquisition-related costs should be expensed as incurred.

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

The Company is currently evaluating the impact this guidance would have on its consolidated financial statements and related disclosures.

2. Investments

Fixed Maturity and Equity Securities Available-for-Sale

The following tables present the cost or amortized cost, gross unrealized gains and losses, estimated fair value of the Company's fixed maturity and equity securities and the percentage that each sector represents by the respective total holdings for the periods shown. The unrealized loss amounts presented below include the noncredit loss component of other-than-temporary impairment ("OTTI") losses:

	Cost or Amortized Cost	March 31, 2011			Estimated Fair Value	% of Total
		Gains	Temporary Losses	OTTI Losses		
(In millions)						
Fixed Maturity Securities:						
U.S. corporate securities	\$ 14,938	\$ 763	\$ 269	\$ —	\$ 15,432	34.2%
Foreign corporate securities	8,215	473	94	—	8,594	19.0
U.S. Treasury and agency securities	7,640	84	185	—	7,539	16.7
Residential mortgage-backed securities ("RMBS")	6,870	191	166	73	6,822	15.1
Commercial mortgage-backed securities ("CMBS")	2,107	102	19	—	2,190	4.9
Asset-backed securities ("ABS")	1,898	42	80	7	1,853	4.1
State and political subdivision securities	1,905	26	144	—	1,787	4.0
Foreign government securities	817	70	4	—	883	2.0
Total fixed maturity securities (1), (2)	<u>\$ 44,390</u>	<u>\$ 1,751</u>	<u>\$ 961</u>	<u>\$ 80</u>	<u>\$ 45,100</u>	<u>100.0%</u>
Equity Securities:						
Non-redeemable preferred stock (1)	\$ 301	\$ 12	\$ 40	\$ —	\$ 273	64.4%
Common stock	130	22	1	—	151	35.6
Total equity securities	<u>\$ 431</u>	<u>\$ 34</u>	<u>\$ 41</u>	<u>\$ —</u>	<u>\$ 424</u>	<u>100.0%</u>

MetLife Insurance Company of Connecticut
(A Wholly-Owned Subsidiary of MetLife, Inc.)

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

	December 31, 2010					Estimated Fair Value	% of Total
	Cost or Amortized Cost	Gross Unrealized			OTTI Losses		
		Gains	Temporary Losses	—			
(In millions)							
Fixed Maturity Securities:							
U.S. corporate securities	\$ 14,860	\$ 816	\$ 302	\$ —	\$ 15,374	34.2%	
Foreign corporate securities	8,095	502	127	—	8,470	18.8	
U.S. Treasury and agency securities	7,665	143	132	—	7,676	17.1	
RMBS	6,803	203	218	79	6,709	14.9	
CMBS	2,203	113	39	—	2,277	5.1	
ABS	1,927	44	95	7	1,869	4.2	
State and political subdivision securities	1,755	22	131	—	1,646	3.7	
Foreign government securities	824	81	2	—	903	2.0	
Total fixed maturity securities (1), (2)	<u>\$ 44,132</u>	<u>\$ 1,924</u>	<u>\$ 1,046</u>	<u>\$ 86</u>	<u>\$ 44,924</u>	<u>100.0%</u>	
Equity Securities:							
Non-redeemable preferred stock (1)	\$ 306	\$ 9	\$ 47	\$ —	\$ 268	66.2%	
Common stock	121	17	1	—	137	33.8	
Total equity securities	<u>\$ 427</u>	<u>\$ 26</u>	<u>\$ 48</u>	<u>\$ —</u>	<u>\$ 405</u>	<u>100.0%</u>	

- (1) Upon acquisition, the Company classifies perpetual securities that have attributes of both debt and equity as fixed maturity securities if the security has an interest rate step-up feature which, when combined with other qualitative factors, indicates that the security has more debt-like characteristics; while those with more equity-like characteristics, are classified as equity securities within non-redeemable preferred stock. Many of such securities have been issued by non-U.S. financial institutions that are accorded Tier 1 and Upper Tier 2 capital treatment by their respective regulatory bodies and are commonly referred to as “perpetual hybrid securities.” The following table presents the perpetual hybrid securities held by the Company at:

Consolidated Balance Sheets	Classification		March 31, 2011	December 31, 2010
	Sector Table	Primary Issuers	Estimated Fair Value	Estimated Fair Value
(In millions)				
Equity securities	Non-redeemable preferred stock	Non-U.S. financial institutions	\$206	\$202
Equity securities	Non-redeemable preferred stock	U.S. financial institutions	\$ 33	\$ 35
Fixed maturity securities	Foreign corporate securities	Non-U.S. financial institutions	\$394	\$450
Fixed maturity securities	U.S. corporate securities	U.S. financial institutions	\$ 10	\$ 10

- (2) The Company’s holdings in redeemable preferred stock with stated maturity dates, commonly referred to as “capital securities”, were primarily issued by U.S. financial institutions and have cumulative interest deferral features. The Company held \$493 million and \$645 million at estimated fair value of such securities at March 31, 2011 and December 31, 2010, respectively, which are included in the U.S. and foreign corporate securities sectors within fixed maturity securities.

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The below investment grade and non-income producing amounts presented below are based on rating agency designations and equivalent designations of the National Association of Insurance Commissioners (“NAIC”), with the exception of certain structured securities described below held by MetLife Insurance Company of Connecticut and its domestic insurance subsidiary. Non-agency RMBS, including RMBS backed by sub-prime mortgage loans reported within ABS, CMBS and all other ABS held by MetLife Insurance Company of Connecticut and its domestic insurance subsidiary, are presented based on final ratings from the revised NAIC rating methodologies which became effective prior to January 1, 2011 (which may not correspond to rating agency designations). All NAIC designation (e.g., NAIC 1 — 6) amounts and percentages presented herein are based on the revised NAIC methodologies. All rating agency designation (e.g., Aaa/AAA) amounts and percentages presented herein are based on rating agency designations without adjustment for the revised NAIC methodologies described above. Rating agency designations are based on availability of applicable ratings from rating agencies on the NAIC acceptable rating organization list, including Moody’s Investors Service (“Moody’s”), Standard & Poor’s Ratings Services (“S&P”) and Fitch Ratings (“Fitch”).

The following table presents selected information about certain fixed maturity securities held by the Company at:

	<u>March 31, 2011</u>	<u>December 31, 2010</u>
	(In millions)	
Below investment grade or non-rated fixed maturity securities:		
Estimated fair value	\$3,979	\$4,027
Net unrealized gains (losses)	\$ (36)	\$ (125)
Non-income producing fixed maturity securities:		
Estimated fair value	\$ 16	\$ 36
Net unrealized gains (losses)	\$ 2	\$ 2

Concentrations of Credit Risk (Fixed Maturity Securities) — Summary. The following section contains a summary of the concentrations of credit risk related to fixed maturity securities holdings.

The Company was not exposed to any concentrations of credit risk of any single issuer greater than 10% of the Company’s stockholders’ equity, other than the government securities summarized in the table below.

Concentrations of Credit Risk (Government and Agency Securities). The following section contains a summary of the concentrations of credit risk related to government and agency fixed maturity and fixed-income securities holdings which were greater than 10% of the Company’s equity at:

	<u>March 31, 2011</u>	<u>December 31, 2010</u>
	Carrying Value (1)	
	(In millions)	
U.S. Treasury and agency fixed maturity securities	\$7,539	\$7,676
U.S. Treasury and agency fixed-income securities included in:		
Short-term investments	\$ 946	\$ 935
Cash equivalents	\$1,057	\$1,287

(1) Represents estimated fair value for fixed maturity securities; amortized cost, which approximates estimated fair value or estimated fair value, if available, for short-term investments; and amortized cost, which approximates estimated fair value for cash equivalents.

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Concentrations of Credit Risk (Fixed Maturity Securities) — U.S. and Foreign Corporate Securities. The Company maintains a diversified portfolio of corporate fixed maturity securities across industries and issuers. This portfolio does not have an exposure to any single issuer in excess of 1% of total investments. The tables below present information for U.S. and foreign corporate securities at:

	March 31, 2011		December 31, 2010	
	Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
(In millions)				
Corporate fixed maturity securities — by sector:				
Foreign corporate fixed maturity securities (1)	\$ 8,594	35.8%	\$ 8,470	35.5%
U.S. corporate fixed maturity securities — by industry:				
Consumer	3,912	16.3	3,893	16.3
Utility	3,399	14.1	3,379	14.2
Industrial	3,323	13.8	3,282	13.7
Finance	2,493	10.4	2,569	10.8
Communications	1,489	6.2	1,444	6.1
Other	816	3.4	807	3.4
Total	\$ 24,026	100.0%	\$ 23,844	100.0%

(1) Includes U.S. dollar-denominated debt obligations of foreign obligors and other foreign fixed maturity securities.

	March 31, 2011		December 31, 2010	
	Estimated Fair Value	% of Total Investments	Estimated Fair Value	% of Total Investments
(In millions)				
Concentrations within corporate fixed maturity securities:				
Largest exposure to a single issuer	\$ 255	0.4%	\$ 252	0.4%
Holdings in ten issuers with the largest exposures	\$1,650	2.5%	\$1,683	2.5%

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Concentrations of Credit Risk (Fixed Maturity Securities) — RMBS. The table below presents information on the Company's RMBS holdings at:

	<u>March 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Estimated Fair Value</u>	<u>% of Total</u>	<u>Estimated Fair Value</u>	<u>% of Total</u>
	(In millions)			
By security type:				
Pass-through securities	\$ 3,613	53.0%	\$ 3,466	51.7%
Collateralized mortgage obligations	3,209	47.0	3,243	48.3
Total RMBS	<u>\$ 6,822</u>	<u>100.0%</u>	<u>\$ 6,709</u>	<u>100.0%</u>
By risk profile:				
Agency	\$ 5,204	76.3%	\$ 5,080	75.7%
Prime	997	14.6	1,023	15.3
Alternative residential mortgage loans	621	9.1	606	9.0
Total RMBS	<u>\$ 6,822</u>	<u>100.0%</u>	<u>\$ 6,709</u>	<u>100.0%</u>
Rated Aaa/AAA	<u>\$ 5,368</u>	<u>78.7%</u>	<u>\$ 5,254</u>	<u>78.3%</u>
Rated NAIC 1	<u>\$ 5,729</u>	<u>84.0%</u>	<u>\$ 5,618</u>	<u>83.7%</u>

See Note 2 “— Investments — Concentrations of Credit Risk (Fixed Maturity Securities) — RMBS” in the Notes to the Consolidated Financial Statements included in the 2010 Annual Report for a description of the security types and risk profile.

The following tables present information on the Company's investment in alternative residential mortgage loans (“Alt-A”) RMBS at:

	<u>March 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Estimated Fair Value</u>	<u>% of Total</u>	<u>Estimated Fair Value</u>	<u>% of Total</u>
	(In millions)			
Vintage Year:				
2004 & Prior	\$ 9	1.4%	\$ 9	1.5%
2005	325	52.3	302	49.8
2006	83	13.4	88	14.6
2007	204	32.9	207	34.1
2008 to 2011	—	—	—	—
Total	<u>\$ 621</u>	<u>100.0%</u>	<u>\$ 606</u>	<u>100.0%</u>

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	<u>March 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
	(In millions)			
Net unrealized gains (losses)	\$ (110)		\$ (141)	
Rated Aa/AA or better		0.5%		1.5%
Rated NAIC 1		15.4%		14.9%
Distribution of holdings — at estimated fair value — by collateral type:				
Fixed rate mortgage loans collateral		96.3%		96.1%
Hybrid adjustable rate mortgage loans collateral		3.7		3.9
Total Alt-A RMBS		<u>100.0%</u>		<u>100.0%</u>

Concentrations of Credit Risk (Fixed Maturity Securities) — CMBS. The following tables present information about CMBS held by the Company at:

	<u>March 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Estimated Fair Value</u>	<u>% of Total</u>	<u>Estimated Fair Value</u>	<u>% of Total</u>
	(In millions)			
Vintage Year:				
2003 & Prior	\$ 866	39.6%	\$ 947	41.6%
2004	439	20.0	442	19.4
2005	422	19.3	431	18.9
2006	439	20.0	442	19.4
2007	16	0.7	15	0.7
2008 to 2011	8	0.4	—	—
Total	<u>\$ 2,190</u>	<u>100.0%</u>	<u>\$ 2,277</u>	<u>100.0%</u>

	<u>March 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
	(In millions)			
Net unrealized gains (losses)	\$ 83		\$ 74	
Rated Aaa/AAA		87%		88%
Rated NAIC 1		95%		95%

The tables above reflect rating agency designations assigned by nationally recognized rating agencies including Moody's, S&P, Fitch and Realpoint, LLC.

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Concentrations of Credit Risk (Fixed Maturity Securities) — ABS. The Company's ABS are diversified both by collateral type and by issuer. The following table presents information about ABS held by the Company at:

	<u>March 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Estimated Fair Value</u>	<u>% of Total</u>	<u>Estimated Fair Value</u>	<u>% of Total</u>
	(In millions)			
By collateral type:				
Credit card loans	\$ 729	39.3%	\$ 753	40.3%
Collateralized debt obligations	240	13.0	254	13.5
RMBS backed by sub-prime mortgage loans	237	12.8	247	13.2
Student loans	172	9.3	174	9.3
Utility loans	154	8.3	157	8.4
Automobile loans	110	5.9	98	5.3
Other loans	211	11.4	186	10.0
Total	\$ 1,853	100.0%	\$ 1,869	100.0%
Rated Aaa/AAA	<u>\$ 1,211</u>	<u>65.4%</u>	<u>\$ 1,251</u>	<u>66.9%</u>
Rated NAIC 1	<u>\$ 1,693</u>	<u>91.4%</u>	<u>\$ 1,699</u>	<u>90.9%</u>

Concentrations of Credit Risk (Equity Securities). The Company was not exposed to any concentrations of credit risk in its equity securities holdings of any single issuer greater than 10% of the Company's stockholders' equity or 1% of total investments at March 31, 2011 and December 31, 2010.

Maturities of Fixed Maturity Securities. The amortized cost and estimated fair value of fixed maturity securities, by contractual maturity date (excluding scheduled sinking funds), were as follows at:

	<u>March 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Amortized Cost</u>	<u>Estimated Fair Value</u>	<u>Amortized Cost</u>	<u>Estimated Fair Value</u>
	(In millions)			
Due in one year or less	\$ 1,786	\$ 1,805	\$ 1,874	\$ 1,889
Due after one year through five years	9,677	10,051	9,340	9,672
Due after five years through ten years	7,825	8,303	7,829	8,333
Due after ten years	14,227	14,076	14,156	14,175
Subtotal	33,515	34,235	33,199	34,069
RMBS, CMBS and ABS	10,875	10,865	10,933	10,855
Total fixed maturity securities	\$ 44,390	\$ 45,100	\$ 44,132	\$ 44,924

Actual maturities may differ from contractual maturities due to the exercise of call or prepayment options. Fixed maturity securities not due at a single maturity date have been included in the above table in the year of final contractual maturity. RMBS, CMBS and ABS are shown separately in the table, as they are not due at a single maturity.

Evaluating Available-for-Sale Securities for Other-Than-Temporary Impairment

As described more fully in Note 1 of the Notes to the Consolidated Financial Statements included in the 2010 Annual Report, the Company performs a regular evaluation, on a security-by-security basis, of its available-for-sale securities holdings, including fixed maturity securities, equity securities and perpetual hybrid securities, in accordance with its impairment policy in order to evaluate whether such investments are other-than-temporarily impaired.

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Net Unrealized Investment Gains (Losses)

The components of net unrealized investment gains (losses), included in accumulated other comprehensive income (loss), were as follows:

	<u>March 31, 2011</u>	<u>December 31, 2010</u>
	(In millions)	
Fixed maturity securities	\$ 787	\$ 878
Fixed maturity securities with noncredit OTTI losses in accumulated other comprehensive income (loss)	(80)	(86)
Total fixed maturity securities	<u>707</u>	<u>792</u>
Equity securities	(4)	(21)
Derivatives	(132)	(109)
Short-term investments	(2)	(2)
Other	(4)	(3)
Subtotal	<u>565</u>	<u>657</u>
Amounts allocated from:		
Insurance liability loss recognition	(34)	(33)
DAC and VOBA related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	5	5
DAC and VOBA	(124)	(126)
Subtotal	<u>(153)</u>	<u>(154)</u>
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	27	30
Deferred income tax benefit (expense)	(164)	(196)
Net unrealized investment gains (losses)	<u>\$ 275</u>	<u>\$ 337</u>

The changes in fixed maturity securities with noncredit OTTI losses in accumulated other comprehensive income (loss), were as follows:

	<u>March 31, 2011</u>	<u>December 31, 2010</u>
	(In millions)	
Balance, beginning of period	\$ (86)	\$ (141)
Noncredit OTTI losses recognized (1)	2	(53)
Transferred to retained earnings (2)	—	16
Securities sold with previous noncredit OTTI loss	5	28
Subsequent increases (decreases) in estimated fair value	(1)	64
Balance, end of period	<u>\$ (80)</u>	<u>\$ (86)</u>

- (1) Noncredit OTTI losses recognized, net of deferred policy acquisition costs (“DAC”), were \$1 million and (\$44) million for the periods ended March 31, 2011 and December 31, 2010, respectively.
- (2) Amounts transferred to retained earnings were in connection with the adoption of guidance related to the consolidation of VIEs as described in Note 1 of the Notes to the Consolidated Financial Statements included in the 2010 Annual Report.

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The changes in net unrealized investment gains (losses) were as follows:

	Three Months Ended March 31, 2011 (In millions)
Balance, beginning of period	\$ 337
Fixed maturity securities on which noncredit OTTI losses have been recognized	6
Unrealized investment gains (losses) during the period	(98)
Unrealized investment gains (losses) relating to:	
Insurance liability gain (loss) recognition	(1)
DAC and VOBA related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	—
DAC and VOBA	2
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in accumulated other comprehensive income (loss)	(3)
Deferred income tax benefit (expense)	32
Balance, end of period	\$ 275
Change in net unrealized investment gains (losses)	\$ (62)

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Continuous Gross Unrealized Losses and OTTI Losses for Fixed Maturity and Equity Securities Available-for-Sale by Sector

The following tables present the estimated fair value and gross unrealized losses of the Company's fixed maturity and equity securities in an unrealized loss position, aggregated by sector and by length of time that the securities have been in a continuous unrealized loss position. The unrealized loss amounts presented below include the noncredit component of OTTI loss. Fixed maturity securities on which a noncredit OTTI loss has been recognized in accumulated other comprehensive income (loss) are categorized by length of time as being "less than 12 months" or "equal to or greater than 12 months" in a continuous unrealized loss position based on the point in time that the estimated fair value initially declined to below the amortized cost basis and not the period of time since the unrealized loss was deemed a noncredit OTTI loss.

	March 31, 2011					
	Less than 12 Months		Equal to or Greater than 12 Months		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
	(In millions, except number of securities)					
Fixed Maturity Securities:						
U.S. corporate securities	\$ 2,001	\$ 58	\$ 1,673	\$ 211	\$ 3,674	\$ 269
Foreign corporate securities	830	23	663	71	1,493	94
U.S. Treasury and agency securities	3,111	163	82	22	3,193	185
RMBS	2,385	73	1,142	166	3,527	239
CMBS	101	1	146	18	247	19
ABS	220	2	571	85	791	87
State and political subdivision securities	678	35	341	109	1,019	144
Foreign government securities	156	3	9	1	165	4
Total fixed maturity securities	<u>\$ 9,482</u>	<u>\$ 358</u>	<u>\$ 4,627</u>	<u>\$ 683</u>	<u>\$ 14,109</u>	<u>\$ 1,041</u>
Equity Securities:						
Non-redeemable preferred stock	\$ 27	\$ 3	\$ 187	\$ 37	\$ 214	\$ 40
Common stock	10	1	—	—	10	1
Total equity securities	<u>\$ 37</u>	<u>\$ 4</u>	<u>\$ 187</u>	<u>\$ 37</u>	<u>\$ 224</u>	<u>\$ 41</u>
Total number of securities in an unrealized loss position	<u>840</u>		<u>557</u>			

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	December 31, 2010					
	Less than 12 Months		Equal to or Greater than 12 Months		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
	(In millions, except number of securities)					
Fixed Maturity Securities:						
U.S. corporate securities	\$ 1,956	\$ 56	\$ 1,800	\$ 246	\$ 3,756	\$ 302
Foreign corporate securities	727	24	816	103	1,543	127
U.S. Treasury and agency securities	2,857	113	85	19	2,942	132
RMBS	2,228	59	1,368	238	3,596	297
CMBS	68	1	237	38	305	39
ABS	245	5	590	97	835	102
State and political subdivision securities	716	36	352	95	1,068	131
Foreign government securities	49	1	9	1	58	2
Total fixed maturity securities	<u>\$ 8,846</u>	<u>\$ 295</u>	<u>\$ 5,257</u>	<u>\$ 837</u>	<u>\$14,103</u>	<u>\$ 1,132</u>
Equity Securities:						
Non-redeemable preferred stock	\$ 26	\$ 5	\$ 187	\$ 42	\$ 213	\$ 47
Common stock	9	1	—	—	9	1
Total equity securities	<u>\$ 35</u>	<u>\$ 6</u>	<u>\$ 187</u>	<u>\$ 42</u>	<u>\$ 222</u>	<u>\$ 48</u>
Total number of securities in an unrealized loss position	<u>759</u>		<u>637</u>			

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Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

Aging of Gross Unrealized Losses and OTTI Losses for Fixed Maturity and Equity Securities Available-for-Sale

The following tables present the cost or amortized cost, gross unrealized losses, including the portion of OTTI loss on fixed maturity securities recognized in accumulated other comprehensive income (loss), gross unrealized losses as a percentage of cost or amortized cost and number of securities for fixed maturity and equity securities where the estimated fair value had declined and remained below cost or amortized cost by less than 20%, or 20% or more at:

	March 31, 2011					
	Cost or Amortized Cost		Gross Unrealized Losses		Number of Securities	
	Less than 20%	20% or more	Less than 20%	20% or more	Less than 20%	20% or more
	(In millions, except number of securities)					
Fixed Maturity Securities:						
Less than six months	\$ 9,260	\$ 549	\$ 300	\$ 137	641	44
Six months or greater but less than nine months	409	15	37	5	155	4
Nine months or greater but less than twelve months	97	22	3	6	13	5
Twelve months or greater	4,189	609	361	192	431	68
Total	<u>\$13,955</u>	<u>\$1,195</u>	<u>\$ 701</u>	<u>\$ 340</u>		
Percentage of amortized cost			<u>5%</u>	<u>28%</u>		
Equity Securities:						
Less than six months	\$ 31	\$ 27	\$ 2	\$ 6	10	8
Six months or greater but less than nine months	2	—	—	—	2	2
Nine months or greater but less than twelve months	—	—	—	—	—	—
Twelve months or greater	154	51	16	17	13	6
Total	<u>\$ 187</u>	<u>\$ 78</u>	<u>\$ 18</u>	<u>\$ 23</u>		
Percentage of cost			<u>10%</u>	<u>29%</u>		

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Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

	December 31, 2010					
	Cost or Amortized Cost		Gross Unrealized Losses		Number of Securities	
	Less than 20%	20% or more	Less than 20%	20% or more	Less than 20%	20% or more
	(In millions, except number of securities)					
Fixed Maturity Securities:						
Less than six months	\$ 8,882	\$ 439	\$ 268	\$ 109	686	43
Six months or greater but less than nine months	152	40	6	13	30	10
Nine months or greater but less than twelve months	48	25	2	11	11	3
Twelve months or greater	4,768	881	450	273	475	101
Total	<u>\$13,850</u>	<u>\$1,385</u>	<u>\$ 726</u>	<u>\$ 406</u>		
Percentage of amortized cost			<u>5%</u>	<u>29%</u>		
Equity Securities:						
Less than six months	\$ 31	\$ 30	\$ 4	\$ 7	8	12
Six months or greater but less than nine months	—	3	—	1	—	1
Nine months or greater but less than twelve months	5	7	—	2	1	1
Twelve months or greater	150	44	18	16	12	5
Total	<u>\$ 186</u>	<u>\$ 84</u>	<u>\$ 22</u>	<u>\$ 26</u>		
Percentage of cost			<u>12%</u>	<u>31%</u>		

Equity securities with gross unrealized losses of 20% or more for twelve months or greater increased from \$16 million at December 31, 2010 to \$17 million at March 31, 2011. As shown in the section “— Evaluating Temporarily Impaired Available-for-Sale Securities” below, all \$17 million of the equity securities with gross unrealized losses of 20% or more for twelve months or greater at March 31, 2011 were financial services industry investment grade non-redeemable preferred stock, of which 59% were rated A or better.

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Concentration of Gross Unrealized Losses and OTTI Losses for Fixed Maturity and Equity Securities Available-for-Sale

The Company's gross unrealized losses related to its fixed maturity and equity securities, including the portion of OTTI losses on fixed maturity securities recognized in accumulated other comprehensive income (loss) of \$1.1 billion and \$1.2 billion at March 31, 2011 and December 31, 2010, respectively, were concentrated, calculated as a percentage of gross unrealized losses and OTTI losses, by sector and industry as follows:

	<u>March 31, 2011</u>	<u>December 31, 2010</u>
Sector:		
U.S. corporate securities	25%	26%
RMBS	22	25
U.S. Treasury and agency securities	17	11
State and political subdivision securities	13	11
Foreign corporate securities	9	11
ABS	8	9
CMBS	2	3
Other	4	4
Total	<u>100%</u>	<u>100%</u>
Industry:		
Mortgage-backed	24%	28%
U.S. Treasury and agency securities	17	11
Finance	15	19
State and political subdivision securities	13	11
Asset-backed	8	9
Consumer	6	5
Utility	3	3
Communications	2	2
Transportation	2	1
Industrial	1	1
Other	9	10
Total	<u>100%</u>	<u>100%</u>

Evaluating Temporarily Impaired Available-for-Sale Securities

The following table presents the Company's fixed maturity and equity securities, each with gross unrealized losses of greater than \$10 million, the number of securities, total gross unrealized losses and percentage of total gross unrealized losses at:

	<u>March 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Fixed Maturity Securities</u>	<u>Equity Securities</u>	<u>Fixed Maturity Securities</u>	<u>Equity Securities</u>
	(In millions, except number of securities)			
Number of securities	15	—	15	—
Total gross unrealized losses	\$ 239	\$ —	\$ 210	\$ —
Percentage of total gross unrealized losses	23%	—%	19%	—%

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Fixed maturity and equity securities, each with gross unrealized losses greater than \$10 million, increased \$29 million during the three months ended March 31, 2011. The increase in gross unrealized losses for the three months ended March 31, 2011 was primarily attributable to an increase in interest rates. These securities were included in the Company's OTTI review process. Based upon the Company's current evaluation of these securities and other available-for-sale securities in an unrealized loss position in accordance with its impairment policy, and the Company's current intentions and assessments (as applicable to the type of security) about holding, selling and any requirements to sell these securities, the Company has concluded that these securities are not other-than-temporarily impaired.

In the Company's impairment review process, the duration and severity of an unrealized loss position for equity securities are given greater weight and consideration than for fixed maturity securities. An extended and severe unrealized loss position on a fixed maturity security may not have any impact on the ability of the issuer to service all scheduled interest and principal payments and the Company's evaluation of recoverability of all contractual cash flows or the ability to recover an amount at least equal to its amortized cost based on the present value of the expected future cash flows to be collected. In contrast, for an equity security, greater weight and consideration are given by the Company to a decline in market value and the likelihood such market value decline will recover.

The following table presents certain information about the Company's equity securities available-for-sale with gross unrealized losses of 20% or more at March 31, 2011:

	Non-Redeemable Preferred Stock								
	All Equity Securities Gross Unrealized Losses	All Types of Non-Redeemable Preferred Stock		Investment Grade					
		Gross Unrealized Losses	% of All Equity Securities	All Industries		Financial Services Industry			
				Gross Unrealized Losses	% of All Non-Redeemable Preferred Stock	Gross Unrealized Losses	% of All Industries	% A Rated or Better	
(In millions)									
Less than six months	\$ 6	\$ 5	83%	\$ 5	100%	\$ 5	100%	100%	
Six months or greater but less than twelve months	—	—	—%	—	—%	—	—%	—%	
Twelve months or greater	17	17	100%	17	100%	17	100%	59%	
All equity securities with gross unrealized losses of 20% or more	<u>\$ 23</u>	<u>\$ 22</u>	96%	<u>\$ 22</u>	100%	<u>\$ 22</u>	100%	68%	

In connection with the equity securities impairment review process, the Company evaluated its holdings in non-redeemable preferred stock, particularly those companies in the financial services industry. The Company considered several factors including whether there has been any deterioration in credit of the issuer and the likelihood of recovery in value of non-redeemable preferred stock with a severe or an extended unrealized loss. The Company also considered whether any issuers of non-redeemable preferred stock with an unrealized loss held by the Company, regardless of credit rating, have deferred any dividend payments. No such dividend payments had been deferred.

With respect to common stock holdings, the Company considered the duration and severity of the unrealized losses for securities in an unrealized loss position of 20% or more; and the duration of unrealized losses for securities in an unrealized loss position of less than 20% in an extended unrealized loss position (i.e., 12 months or greater).

Future OTTIs will depend primarily on economic fundamentals, issuer performance (including changes in the present value of future cash flows expected to be collected), changes in credit rating, changes in collateral valuation,

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changes in interest rates and changes in credit spreads. If economic fundamentals and any of the above factors deteriorate, additional OTTI's may be incurred in upcoming quarters.

Net Investment Gains (Losses)

The components of net investment gains (losses) were as follows:

	Three Months Ended March 31,	
	2011	2010
	(In millions)	
Total gains (losses) on fixed maturity securities:		
Total OTTI losses recognized	\$ (9)	\$ (34)
Less: Noncredit portion of OTTI losses transferred to and recognized in other comprehensive income (loss)	(2)	16
Net OTTI losses on fixed maturity securities recognized in earnings	(11)	(18)
Fixed maturity securities — net gains (losses) on sales and disposals	(20)	4
Total gains (losses) on fixed maturity securities	(31)	(14)
Other net investment gains (losses):		
Equity securities	1	(1)
Mortgage loans	4	(8)
Real estate and real estate joint ventures	—	(16)
Other limited partnership interests	2	(2)
Other investment portfolio gains (losses)	(4)	11
Subtotal — investment portfolio gains (losses)	(28)	(30)
Fair value option (“FVO”) consolidated securitization entities — changes in estimated fair value included in net investment gains (losses):		
Commercial mortgage loans	18	481
Long-term debt — related to commercial mortgage loans	(6)	(485)
Other gains (losses)	2	71
Subtotal FVO consolidated securitization entities and other gains (losses)	14	67
Total net investment gains (losses)	<u>\$ (14)</u>	<u>\$ 37</u>

See “— Variable Interest Entities” for discussion of consolidated securitization entities (“CSEs”) included in the table above.

See “— Related Party Investment Transactions” for discussion of affiliated net investment gains (losses) related to transfers of invested assets to affiliates.

Gains (losses) from foreign currency transactions included within net investment gains (losses) were (\$1) million and \$80 million for the three months ended March 31, 2011 and 2010, respectively.

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Proceeds from sales or disposals of fixed maturity and equity securities and the components of fixed maturity and equity securities net investment gains (losses) were as shown below. Investment gains and losses on sales of securities are determined on a specific identification basis.

	Three Months Ended March 31,					
	2011 Fixed Maturity Securities		2010 Equity Securities (In millions)		2011 Total	
	2011	2010	2011	2010	2011	2010
Proceeds	\$2,513	\$2,188	\$16	\$ 5	\$2,529	\$2,193
Gross investment gains	\$ 18	\$ 44	\$ 3	\$—	\$ 21	\$ 44
Gross investment losses	(38)	(40)	(2)	(1)	(40)	(41)
Total OTTI losses recognized in earnings:						
Credit-related	(11)	(17)	—	—	(11)	(17)
Other (1)	—	(1)	—	—	—	(1)
Total OTTI losses recognized in earnings	(11)	(18)	—	—	(11)	(18)
Net investment gains (losses)	\$ (31)	\$ (14)	\$ 1	\$ (1)	\$ (30)	\$ (15)

(1) Other OTTI losses recognized in earnings include impairments on equity securities, impairments on perpetual hybrid securities classified within fixed maturity securities where the primary reason for the impairment was the severity and/or the duration of an unrealized loss position and fixed maturity securities where there is an intent to sell or it is more likely than not that the Company will be required to sell the security before recovery of the decline in estimated fair value.

Fixed maturity security OTTI losses recognized in earnings related to the following sectors and industries within the U.S. and foreign corporate securities sector:

	Three Months Ended March 31,	
	2011	2010
	(In millions)	
Sector:		
U.S. and foreign corporate securities — by industry:		
Communications	\$ 4	\$ 3
Consumer	—	9
Finance	—	1
Total U.S. and foreign corporate securities	4	13
CMBS	3	1
RMBS	2	4
ABS	2	—
Total	\$11	\$ 18

The Company had no equity security OTTI losses recognized in earnings for both the three months ended March 31, 2011 and 2010.

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Credit Loss Rollforward — Rollforward of the Cumulative Credit Loss Component of OTTI Loss Recognized in Earnings on Fixed Maturity Securities Still Held for Which a Portion of the OTTI Loss Was Recognized in Other Comprehensive Income (Loss)

The table below presents a rollforward of the cumulative credit loss component of OTTI loss recognized in earnings on fixed maturity securities still held by the Company for which a portion of the OTTI loss was recognized in other comprehensive income (loss):

	Three Months Ended March 31,	
	2011	2010
	(In millions)	
Balance, beginning of period	\$ 63	\$ 213
Additions:		
Initial impairments — credit loss OTTI recognized on securities not previously impaired	—	2
Additional impairments — credit loss OTTI recognized on securities previously impaired	3	2
Reductions:		
Due to sales (maturities, pay downs or prepayments) during the period of securities previously credit loss OTTI impaired	(2)	(36)
Due to securities de-recognized in connection with the adoption of new guidance related to the consolidation of VIEs	—	(100)
Due to securities impaired to net present value of expected future cash flows	(20)	—
Due to increases in cash flows — accretion of previous credit loss OTTI	(1)	(1)
Balance, end of period	<u>\$ 43</u>	<u>\$ 80</u>

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Net Investment Income

The components of net investment income were as follows:

	Three Months Ended March 31,	
	2011	2010
	(In millions)	
Investment income:		
Fixed maturity securities	\$535	\$529
Equity securities	2	2
Mortgage loans	84	68
Policy loans	16	16
Real estate and real estate joint ventures	(8)	(26)
Other limited partnership interests	80	68
Cash, cash equivalents and short-term investments	2	2
International joint ventures	(1)	(1)
Other	2	2
Subtotal	712	660
Less: Investment expenses	24	23
Subtotal, net	688	637
Other securities — FVO contractholder-directed unit-linked investments (1)	5	48
FVO consolidated securitization entities — commercial mortgage loans	95	105
Subtotal	100	153
Net investment income	<u>\$788</u>	<u>\$790</u>

(1) Changes in estimated fair value subsequent to purchase included in net investment income	\$ (25)	\$ 41
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See “— Variable Interest Entities” for discussion of CSEs included in the table above.

Affiliated investment expenses, included in the table above, were \$15 million and \$13 million for the three months ended March 31, 2011 and 2010, respectively. See “— Related Party Investment Transactions” for discussion of affiliated net investment income included in the table above.

Securities Lending

The Company participates in securities lending programs whereby blocks of securities, which are included in fixed maturity securities and short-term investments, are loaned to third parties, primarily brokerage firms and commercial banks. The Company generally obtains collateral, generally cash, in an amount equal to 102% of the estimated fair value of the securities loaned, which is obtained at the inception of a loan and maintained at a level greater than or equal to 100% for the duration of the loan. Securities loaned under such transactions may be sold or repledged by the transferee. The Company is liable to return to its counterparties the cash collateral under its control. These transactions are treated as financing arrangements and the associated liability is recorded at the amount of the cash received.

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Elements of the securities lending programs are presented below at:

	<u>March 31, 2011</u>	<u>December 31, 2010</u>
	(In millions)	
Securities on loan:		
Amortized cost	\$ 6,746	\$ 6,992
Estimated fair value	\$ 6,701	\$ 7,054
Aging of cash collateral liability:		
Open (1)	\$ 1,040	\$ 1,292
Less than thirty days	2,254	3,297
Thirty days or greater but less than sixty days	2,056	1,221
Sixty days or greater but less than ninety days	687	326
Ninety days or greater	783	1,002
Total cash collateral liability	<u>\$ 6,820</u>	<u>\$ 7,138</u>
Security collateral on deposit from counterparties	<u>\$ 11</u>	<u>\$ —</u>
Reinvestment portfolio — estimated fair value	<u>\$ 6,665</u>	<u>\$ 6,916</u>

(1) Open — meaning that the related loaned security could be returned to the Company on the next business day requiring the Company to immediately return the cash collateral.

The estimated fair value of the securities on loan related to the cash collateral on open at March 31, 2011 was \$1,018 million, of which \$938 million were U.S. Treasury and agency securities which, if put to the Company, can be immediately sold to satisfy the cash requirements. The remainder of the securities on loan was primarily U.S. Treasury and agency securities, and very liquid RMBS. The U.S. Treasury securities on loan were primarily holdings of on-the-run U.S. Treasury securities, the most liquid U.S. Treasury securities available. If these high quality securities that are on loan are put back to the Company, the proceeds from immediately selling these securities can be used to satisfy the related cash requirements. The reinvestment portfolio acquired with the cash collateral consisted principally of fixed maturity securities (including RMBS, U.S. corporate securities, U.S. Treasury and agency securities and ABS). If the on loan securities or the reinvestment portfolio become less liquid, the Company has the liquidity resources of most of its general account available to meet any potential cash demands when securities are put back to the Company.

Security collateral on deposit from counterparties in connection with the securities lending transactions may not be sold or repledged, unless the counterparty is in default, and is not reflected in the consolidated financial statements.

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Invested Assets on Deposit and Pledged as Collateral

Invested assets on deposit and pledged as collateral are presented in the table below at estimated fair value for cash and cash equivalents and fixed maturity securities and at carrying value for mortgage loans.

	<u>March 31, 2011</u>	<u>December 31, 2010</u>
	(In millions)	
Invested assets on deposit:		
Regulatory agencies	\$ 55	\$ 55
Invested assets pledged as collateral:		
Funding agreements — Federal Home Loan Bank of Boston	600	211
Funding agreements — Federal Agricultural Mortgage Corporation	231	231
Derivative transactions	104	83
Total invested assets on deposit and pledged as collateral	<u>\$ 990</u>	<u>\$ 580</u>

See “Note 2 — Investments — Invested Assets on Deposit and Pledged as Collateral” of the Notes to the Consolidated Financial Statements included in the 2010 Annual Report for a description of the types of invested assets on deposit and pledged as collateral and selected other information about the related program or counterparty.

See also “— Securities Lending” for the amount of the Company’s cash received from and due back to counterparties pursuant to the Company’s securities lending program. See “— Variable Interest Entities” for assets of certain CSEs that can only be used to settle liabilities of such entities.

Other Securities

The table below presents certain information about the Company’s securities for which the FVO has been elected:

	<u>March 31, 2011</u>	<u>December 31, 2010</u>
	(In millions)	
FVO general account securities	\$ 7	\$ 7
FVO contractholder-directed unit-linked investments	2,618	2,240
Total other securities — at estimated fair value	<u>\$ 2,625</u>	<u>\$ 2,247</u>

See Note 1 of the Notes to the Consolidated Financial Statements included in the 2010 Annual Report for discussion of FVO contractholder-directed unit-linked investments. See “— Net Investment Income” for the net investment income recognized on other securities and the related changes in estimated fair value subsequent to purchase included in net investment income.

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Mortgage Loans

Mortgage loans are summarized as follows at:

	<u>March 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Carrying Value</u>	<u>% of Total</u>	<u>Carrying Value</u>	<u>% of Total</u>
(In millions)				
Mortgage loans:				
Commercial	\$ 4,621	36.6%	\$ 4,635	36.4%
Agricultural	1,326	10.5	1,342	10.6
Subtotal	5,947	47.1%	5,977	47.0%
Valuation allowances	(84)	(0.7)	(87)	(0.7)
Subtotal mortgage loans, net	5,863	46.4	5,890	46.3
Commercial mortgage loans held by consolidated securitization entities — FVO	6,771	53.6	6,840	53.7
Total mortgage loans, net	<u>\$12,634</u>	<u>100.0%</u>	<u>\$12,730</u>	<u>100.0%</u>

See “— Variable Interest Entities” for discussion of CSEs included in the table above.

See Note 2 of the Notes to the Consolidated Financial Statements in the 2010 Annual Report for discussion of affiliated mortgage loans included in the table above. The carrying values of such loans were \$198 million and \$199 million at March 31, 2011 and December 31, 2010, respectively.

Concentration of Credit Risk — The Company diversifies its mortgage loan portfolio by both geographic region and property type to reduce the risk of concentration. The Company’s commercial and agricultural mortgage loans are collateralized by properties primarily located in the United States (“U.S.”). The carrying values of the Company’s commercial and agricultural mortgage loans located in California, New York and Texas were 27%, 14% and 6%, respectively, of total mortgage loans (excluding commercial mortgage loans held by CSEs) at March 31, 2011. Additionally, the Company manages risk when originating commercial and agricultural mortgage loans by generally lending only up to 75% of the estimated fair value of the underlying real estate.

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The following tables present the recorded investment in mortgage loans, by portfolio segment, by method of evaluation of credit loss, and the related valuation allowances, by type of credit loss, at:

	<u>Commercial</u>	<u>Agricultural</u> (In millions)	<u>Total</u>
March 31, 2011:			
Mortgage loans:			
Evaluated individually for credit losses	\$ 23	\$ —	\$ 23
Evaluated collectively for credit losses	4,598	1,326	5,924
Total mortgage loans	<u>4,621</u>	<u>1,326</u>	<u>5,947</u>
Valuation allowances:			
Specific credit losses	23	—	23
Non-specifically identified credit losses	57	4	61
Total valuation allowances	<u>80</u>	<u>4</u>	<u>84</u>
Mortgage loans, net of valuation allowance	<u>\$ 4,541</u>	<u>\$ 1,322</u>	<u>\$5,863</u>
December 31, 2010:			
Mortgage loans:			
Evaluated individually for credit losses	\$ 23	\$ —	\$ 23
Evaluated collectively for credit losses	4,612	1,342	5,954
Total mortgage loans	<u>4,635</u>	<u>1,342</u>	<u>5,977</u>
Valuation allowances:			
Specific credit losses	23	—	23
Non-specifically identified credit losses	61	3	64
Total valuation allowances	<u>84</u>	<u>3</u>	<u>87</u>
Mortgage loans, net of valuation allowance	<u>\$ 4,551</u>	<u>\$ 1,339</u>	<u>\$5,890</u>

The following tables present the changes in the valuation allowance, by portfolio segment:

	<u>Mortgage Loan Valuation Allowances</u>		
	<u>Commercial</u>	<u>Agricultural</u> (In millions)	<u>Total</u>
Balance at January 1, 2010	\$ 74	\$ 3	\$ 77
Provision (release)	8	—	8
Charge-offs, net of recoveries	—	—	—
Balance at March 31, 2010	<u>\$ 82</u>	<u>\$ 3</u>	<u>\$ 85</u>
Balance at January 1, 2011	\$ 84	\$ 3	\$ 87
Provision (release)	(4)	1	(3)
Charge-offs, net of recoveries	—	—	—
Balance at March 31, 2011	<u>\$ 80</u>	<u>\$ 4</u>	<u>\$ 84</u>

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Commercial Mortgage Loans — by Credit Quality Indicators with Estimated Fair Value: Presented below for the commercial mortgage loans is the recorded investment, prior to valuation allowances, by the indicated loan-to-value ratio categories and debt service coverage ratio categories and estimated fair value of such mortgage loans by the indicated loan-to-value ratio categories at:

	Recorded Investment			Total	% of Total	Estimated Fair Value (In millions)	% of Total
	Debt Service Coverage Ratios						
	> 1.20x	1.00x - 1.20x	< 1.00x				
	(In millions)						
March 31, 2011:							
Loan-to-value ratios:							
Less than 65%	\$2,255	\$ 10	\$ 31	\$2,296	49.7%	\$ 2,433	52.0%
65% to 75%	785	41	150	976	21.1	998	21.3
76% to 80%	299	29	7	335	7.3	339	7.2
Greater than 80%	743	131	140	1,014	21.9	911	19.5
Total	<u>\$4,082</u>	<u>\$ 211</u>	<u>\$ 328</u>	<u>\$4,621</u>	<u>100.0%</u>	<u>\$ 4,681</u>	<u>100.0%</u>
December 31, 2010:							
Loan-to-value ratios:							
Less than 65%	\$2,051	\$ 11	\$ 34	\$2,096	45.2%	\$ 2,196	47.1%
65% to 75%	824	99	148	1,071	23.1	1,099	23.6
76% to 80%	301	29	7	337	7.3	347	7.4
Greater than 80%	828	163	140	1,131	24.4	1,018	21.9
Total	<u>\$4,004</u>	<u>\$ 302</u>	<u>\$ 329</u>	<u>\$4,635</u>	<u>100.0%</u>	<u>\$ 4,660</u>	<u>100.0%</u>

Agricultural Mortgage Loans — by Credit Quality Indicator: The recorded investment in agricultural mortgage loans, prior to valuation allowances, by credit quality indicator, is as shown below. The estimated fair value of agricultural mortgage loans was \$1.4 billion at both March 31, 2011 and December 31, 2010.

	Agricultural			
	March 31, 2011		December 31, 2010	
	Recorded Investment (In millions)	% of Total	Recorded Investment (In millions)	% of Total
Loan-to-value ratios:				
Less than 65%	\$ 1,266	95.5%	\$ 1,289	96.0%
65% to 75%	60	4.5	53	4.0
Total	<u>\$ 1,326</u>	<u>100.0%</u>	<u>\$ 1,342</u>	<u>100.0%</u>

Past Due and Interest Accrual Status of Mortgage Loans. The Company has a high quality, well performing, mortgage loan portfolio with approximately 99% of all mortgage loans classified as performing at both March 31, 2011 and December 31, 2010. The Company defines delinquent mortgage loans consistent with industry practice, when interest and principal payments are past due as follows: commercial mortgage loans — 60 days or more past due; and agricultural mortgage loans — 90 days or more past due. The recorded investment in mortgage loans, prior

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to valuation allowances, past due according to these aging categories, past due 90 days or more and still accruing interest and in nonaccrual status, by portfolio segment, were as follows at:

	Past Due		Greater than 90 Days Past Due Still Accruing Interest		Nonaccrual Status	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	(In millions)					
Commercial	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1
Agricultural	6	7	—	—	6	6
Total	\$ 6	\$ 7	\$ —	\$ —	\$ 6	\$ 7

Impaired Mortgage Loans. The unpaid principal balance, recorded investment, valuation allowances and carrying value, net of valuation allowances, for impaired mortgage loans, by portfolio segment, were as follows at:

	Impaired Mortgage Loans							
	Loans with a Valuation Allowance				Loans without a Valuation Allowance		All Impaired Loans	
	Unpaid Principal Balance	Recorded Investment	Valuation Allowances	Carrying Value	Unpaid Principal Balance	Recorded Investment	Unpaid Principal Balance	Carrying Value
	(In millions)							
March 31, 2011:								
Commercial	\$ 23	\$ 23	\$ 23	\$ —	\$ —	\$ —	\$ 23	\$ —
Agricultural	—	—	—	—	7	6	7	6
Total	\$ 23	\$ 23	\$ 23	\$ —	\$ 7	\$ 6	\$ 30	\$ 6
December 31, 2010:								
Commercial	\$ 23	\$ 23	\$ 23	\$ —	\$ —	\$ —	\$ 23	\$ —
Agricultural	—	—	—	—	7	7	7	7
Total	\$ 23	\$ 23	\$ 23	\$ —	\$ 7	\$ 7	\$ 30	\$ 7

Unpaid principal balance is generally prior to any charge-off.

The average investment in impaired mortgage loans, and the related interest income, by portfolio segment, was:

	Impaired Mortgage Loans		
	Average Investment	Interest Income Recognized	
		Cash Basis	Accrual Basis
	(In millions)		
For the Three Months Ended March 31, 2011:			
Commercial	\$ 45	\$ 1	\$ —
Agricultural	12	—	—
Total	\$ 57	\$ 1	\$ —
For the Three Months Ended March 31, 2010:			
Commercial	\$ 30	\$ —	\$ —
Agricultural	10	—	—
Total	\$ 40	\$ —	\$ —

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Cash Equivalents

Cash equivalents, which include investments with an original or remaining maturity of three months or less at the time of purchase, were \$1.7 billion and \$1.8 billion at March 31, 2011 and December 31, 2010, respectively.

Variable Interest Entities

The Company holds investments in certain entities that are VIEs. In certain instances, the Company holds both the power to direct the most significant activities of the entity, as well as an economic interest in the entity and, as such, is deemed to be the primary beneficiary or consolidator of the entity. The following table presents the total assets and total liabilities relating to VIEs for which the Company has concluded that it is the primary beneficiary and which are consolidated in the Company's financial statements at March 31, 2011 and December 31, 2010. Creditors or beneficial interest holders of VIEs where the Company is the primary beneficiary have no recourse to the general credit of the Company, as the Company's obligation to the VIEs is limited to the amount of its committed investment.

	March 31, 2011		December 31, 2010	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
	(In millions)			
Consolidated securitization entities: (1)				
Mortgage loans held-for-investment (commercial mortgage loans)	\$6,771	\$ —	\$6,840	\$ —
Accrued investment income	30	—	31	—
Long-term debt	—	6,693	—	6,773
Other liabilities	—	30	—	31
Total	\$6,801	\$ 6,723	\$6,871	\$ 6,804

- (1) The Company consolidated former qualified special purpose entities ("QSPEs") that are structured as CMBS. The assets of these entities can only be used to settle their respective liabilities, and under no circumstances is the Company or any of its subsidiaries or affiliates liable for any principal or interest shortfalls should any arise. The Company's exposure is limited to that of its remaining investment in the former QSPEs of \$74 million and \$64 million at estimated fair value at March 31, 2011 and December 31, 2010, respectively. The long-term debt referred to above bears interest at primarily fixed rates ranging from 2.25% to 5.57%, payable on a monthly basis and is expected to be repaid over the next 7 years. Interest expense related to these obligations, included in other expenses, was \$93 million and \$103 million for the three months ended March 31, 2011 and 2010, respectively.

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The following table presents the carrying amount and maximum exposure to loss relating to VIEs for which the Company holds significant variable interests but is not the primary beneficiary and which have not been consolidated at:

	<u>March 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Carrying Amount</u>	<u>Maximum Exposure to Loss (1)</u>	<u>Carrying Amount</u>	<u>Maximum Exposure to Loss (1)</u>
	(In millions)			
Fixed maturity securities available-for-sale:				
RMBS (2)	\$ 6,822	\$ 6,822	\$ 6,709	\$ 6,709
CMBS (2)	2,190	2,190	2,277	2,277
ABS (2)	1,853	1,853	1,869	1,869
Foreign corporate securities	376	376	348	348
U.S. corporate securities	367	367	336	336
Other limited partnership interests	1,320	2,119	1,192	1,992
Real estate joint ventures	25	31	10	35
Total	<u>\$12,953</u>	<u>\$ 13,758</u>	<u>\$12,741</u>	<u>\$ 13,566</u>

- (1) The maximum exposure to loss relating to the fixed maturity securities is equal to the carrying amounts or carrying amounts of retained interests. The maximum exposure to loss relating to the other limited partnership interests and real estate joint ventures is equal to the carrying amounts plus any unfunded commitments of the Company. Such a maximum loss would be expected to occur only upon bankruptcy of the issuer or investee.
- (2) For these variable interests, the Company's involvement is limited to that of a passive investor.

As described in Note 5, the Company makes commitments to fund partnership investments in the normal course of business. Excluding these commitments, the Company did not provide financial or other support to investees designated as VIEs during the three months ended March 31, 2011 and 2010.

Related Party Investment Transactions

At March 31, 2011 and December 31, 2010, the Company held \$52 million and \$63 million, respectively, in the Metropolitan Money Market Pool and the MetLife Intermediate Income Pool, which are affiliated partnerships. These amounts are included in short-term investments. Net investment income from these investments was less than \$1 million for both the three months ended March 31, 2011 and 2010.

In the normal course of business, the Company transfers invested assets, primarily consisting of fixed maturity securities, to and from affiliates. Transfers of invested assets are done at estimated fair value with net investment gains (losses) recognized by the affiliate initiating the transfer. The estimated fair value of invested assets transferred from affiliates, inclusive of amounts related to reinsurance agreements, was less than \$1 million, and there were no transfers to affiliates for the three months ended March 31, 2011. There were no transfers of invested assets to or from affiliates for the three months ended March 31, 2010.

3. Derivative Financial Instruments

Accounting for Derivative Financial Instruments

Derivatives are financial instruments whose values are derived from interest rates, foreign currency exchange rates, credit spreads and/or other financial indices. Derivatives may be exchange-traded or contracted in the over-the-counter market. The Company uses a variety of derivatives, including swaps, forwards, futures and option

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contracts, to manage various risks relating to its ongoing business. To a lesser extent, the Company uses credit derivatives, such as credit default swaps, to synthetically replicate investment risks and returns which are not readily available in the cash market. The Company also purchases certain securities, issues certain insurance policies and investment contracts and engages in certain reinsurance contracts that have embedded derivatives.

Freestanding derivatives are carried on the Company's consolidated balance sheets either as assets within other invested assets or as liabilities within other liabilities at estimated fair value as determined through the use of quoted market prices for exchange-traded derivatives or through the use of pricing models for over-the-counter derivatives. The determination of estimated fair value, when quoted market values are not available, is based on market standard valuation methodologies and inputs that are assumed to be consistent with what other market participants would use when pricing the instruments. Derivative valuations can be affected by changes in interest rates, foreign currency exchange rates, financial indices, credit spreads, default risk (including the counterparties to the contract), volatility, liquidity and changes in estimates and assumptions used in the pricing models.

The Company does not offset the fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement.

If a derivative is not designated as an accounting hedge or its use in managing risk does not qualify for hedge accounting, changes in the estimated fair value of the derivative are generally reported in net derivative gains (losses) except for those in net investment income for economic hedges of equity method investments in joint ventures. The fluctuations in estimated fair value of derivatives which have not been designated for hedge accounting can result in significant volatility in net income.

To qualify for hedge accounting, at the inception of the hedging relationship, the Company formally documents its risk management objective and strategy for undertaking the hedging transaction, as well as its designation of the hedge as either (i) a hedge of the estimated fair value of a recognized asset or liability ("fair value hedge"); or (ii) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"). In this documentation, the Company sets forth how the hedging instrument is expected to hedge the designated risks related to the hedged item and sets forth the method that will be used to retrospectively and prospectively assess the hedging instrument's effectiveness and the method which will be used to measure ineffectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and periodically throughout the life of the designated hedging relationship. Assessments of hedge effectiveness and measurements of ineffectiveness are also subject to interpretation and estimation and different interpretations or estimates may have a material effect on the amount reported in net income.

The accounting for derivatives is complex and interpretations of the primary accounting guidance continue to evolve in practice. Judgment is applied in determining the availability and application of hedge accounting designations and the appropriate accounting treatment under such accounting guidance. If it was determined that hedge accounting designations were not appropriately applied, reported net income could be materially affected.

Under a fair value hedge, changes in the estimated fair value of the hedging derivative, including amounts measured as ineffectiveness, and changes in the estimated fair value of the hedged item related to the designated risk being hedged, are reported within net derivative gains (losses). The estimated fair values of the hedging derivatives are exclusive of any accruals that are separately reported in the consolidated statement of operations within interest income or interest expense to match the location of the hedged item. However, accruals that are not scheduled to settle until maturity are included in the estimated fair value of derivatives in the consolidated balance sheets.

Under a cash flow hedge, changes in the estimated fair value of the hedging derivative measured as effective are reported within other comprehensive income (loss), a separate component of stockholders' equity, and the deferred gains or losses on the derivative are reclassified into the consolidated statement of operations when the Company's earnings are affected by the variability in cash flows of the hedged item. Changes in the estimated fair

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value of the hedging instrument measured as ineffectiveness are reported within net derivative gains (losses). The estimated fair values of the hedging derivatives are exclusive of any accruals that are separately reported in the consolidated statement of operations within interest income or interest expense to match the location of the hedged item. However, accruals that are not scheduled to settle until maturity are included in the estimated fair value of derivatives in the consolidated balance sheets.

The Company discontinues hedge accounting prospectively when: (i) it is determined that the derivative is no longer highly effective in offsetting changes in the estimated fair value or cash flows of a hedged item; (ii) the derivative expires, is sold, terminated, or exercised; (iii) it is no longer probable that the hedged forecasted transaction will occur; or (iv) the derivative is de-designated as a hedging instrument.

When hedge accounting is discontinued because it is determined that the derivative is not highly effective in offsetting changes in the estimated fair value or cash flows of a hedged item, the derivative continues to be carried in the consolidated balance sheets at its estimated fair value, with changes in estimated fair value recognized currently in net derivative gains (losses). The carrying value of the hedged recognized asset or liability under a fair value hedge is no longer adjusted for changes in its estimated fair value due to the hedged risk, and the cumulative adjustment to its carrying value is amortized into income over the remaining life of the hedged item. Provided the hedged forecasted transaction is still probable of occurrence, the changes in estimated fair value of derivatives recorded in other comprehensive income (loss) related to discontinued cash flow hedges are released into the consolidated statement of operations when the Company's earnings are affected by the variability in cash flows of the hedged item.

When hedge accounting is discontinued because it is no longer probable that the forecasted transactions will occur on the anticipated date or within two months of that date, the derivative continues to be carried in the consolidated balance sheets at its estimated fair value, with changes in estimated fair value recognized currently in net derivative gains (losses). Deferred gains and losses of a derivative recorded in other comprehensive income (loss) pursuant to the discontinued cash flow hedge of a forecasted transaction that is no longer probable are recognized immediately in net derivative gains (losses).

In all other situations in which hedge accounting is discontinued, the derivative is carried at its estimated fair value in the consolidated balance sheets, with changes in its estimated fair value recognized in the current period as net derivative gains (losses).

The Company is also a party to financial instruments that contain terms which are deemed to be embedded derivatives. The Company assesses each identified embedded derivative to determine whether it is required to be bifurcated. If the instrument would not be accounted for in its entirety at estimated fair value and it is determined that the terms of the embedded derivative are not clearly and closely related to the economic characteristics of the host contract, and that a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is bifurcated from the host contract and accounted for as a freestanding derivative. Such embedded derivatives are carried in the consolidated balance sheets at estimated fair value with the host contract and changes in their estimated fair value are generally reported in net derivative gains (losses). If the Company is unable to properly identify and measure an embedded derivative for separation from its host contract, the entire contract is carried on the balance sheet at estimated fair value, with changes in estimated fair value recognized in the current period in net investment gains (losses) or net investment income. Additionally, the Company may elect to carry an entire contract on the balance sheet at estimated fair value, with changes in estimated fair value recognized in the current period in net investment gains (losses) or net investment income if that contract contains an embedded derivative that requires bifurcation.

See Note 4 for information about the fair value hierarchy for derivatives.

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Primary Risks Managed by Derivative Financial Instruments

The Company is exposed to various risks relating to its ongoing business operations, including interest rate risk, foreign currency risk, credit risk and equity market risk. The Company uses a variety of strategies to manage these risks, including the use of derivative instruments. The following table presents the gross notional amount, estimated fair value and primary underlying risk exposure of the Company's derivative financial instruments, excluding embedded derivatives held at:

Primary Underlying Risk Exposure	Instrument Type	March 31, 2011			December 31, 2010		
		Notional Amount	Estimated Fair Value (1)		Notional Amount	Estimated Fair Value (1)	
Assets	Liabilities		Assets	Liabilities			
(In millions)							
Interest rate	Interest rate swaps	\$ 9,755	\$ 621	\$ 242	\$ 9,102	\$ 658	\$ 252
	Interest rate floors	7,986	99	51	7,986	127	62
	Interest rate caps	7,658	50	—	7,158	29	1
	Interest rate futures	1,671	2	—	1,966	5	7
	Interest rate forwards	695	—	79	695	—	71
Foreign currency	Foreign currency swaps	2,041	434	81	2,561	585	68
	Foreign currency forwards	182	—	6	151	4	1
Credit	Credit default swaps	1,745	17	21	1,324	15	22
Equity market	Equity futures	136	—	—	93	—	—
	Equity options	1,313	154	—	733	77	—
	Variance swaps	1,081	16	10	1,081	20	8
	Total	<u>\$34,263</u>	<u>\$1,393</u>	<u>\$ 490</u>	<u>\$32,850</u>	<u>\$1,520</u>	<u>\$ 492</u>

(1) The estimated fair value of all derivatives in an asset position is reported within other invested assets in the consolidated balance sheets and the estimated fair value of all derivatives in a liability position is reported within other liabilities in the consolidated balance sheets.

Interest rate swaps are used by the Company primarily to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and liabilities (duration mismatches). In an interest rate swap, the Company agrees with another party to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts as calculated by reference to an agreed notional principal amount. These transactions are entered into pursuant to master agreements that provide for a single net payment to be made by the counterparty at each due date. The Company utilizes interest rate swaps in fair value, cash flow and non-qualifying hedging relationships.

The Company also enters into basis swaps to better match the cash flows from assets and related liabilities. In a basis swap, both legs of the swap are floating with each based on a different index. Generally, no cash is exchanged at the outset of the contract and no principal payments are made by either party. A single net payment is usually made by one counterparty at each due date. Basis swaps are included in interest rate swaps in the preceding table. The Company utilizes basis swaps in non-qualifying hedging relationships.

Inflation swaps are used as an economic hedge to reduce inflation risk generated from inflation-indexed liabilities. Inflation swaps are included in interest rate swaps in the preceding table. The Company utilizes inflation swaps in non-qualifying hedging relationships.

Implied volatility swaps are used by the Company primarily as economic hedges of interest rate risk associated with the Company's investments in mortgage-backed securities. In an implied volatility swap, the Company

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exchanges fixed payments for floating payments that are linked to certain market volatility measures. If implied volatility rises, the floating payments that the Company receives will increase, and if implied volatility falls, the floating payments that the Company receives will decrease. Implied volatility swaps are included in interest rate swaps in the preceding table. The Company utilizes implied volatility swaps in non-qualifying hedging relationships.

The Company purchases interest rate caps and floors primarily to protect its floating rate liabilities against rises in interest rates above a specified level, and against interest rate exposure arising from mismatches between assets and liabilities (duration mismatches), as well as to protect its minimum rate guarantee liabilities against declines in interest rates below a specified level, respectively. In certain instances, the Company locks in the economic impact of existing purchased caps and floors by entering into offsetting written caps and floors. The Company utilizes interest rate caps and floors in non-qualifying hedging relationships.

In exchange-traded interest rate (Treasury and swap) futures transactions, the Company agrees to purchase or sell a specified number of contracts, the value of which is determined by the different classes of interest rate securities, and to post variation margin on a daily basis in an amount equal to the difference in the daily market values of those contracts. The Company enters into exchange-traded futures with regulated futures commission merchants that are members of the exchange. Exchange-traded interest rate (Treasury and swap) futures are used primarily to hedge mismatches between the duration of assets in a portfolio and the duration of liabilities supported by those assets, to hedge against changes in value of securities the Company owns or anticipates acquiring and to hedge against changes in interest rates on anticipated liability issuances by replicating Treasury or swap curve performance. The Company utilizes exchange-traded interest rate futures in non-qualifying hedging relationships.

The Company writes covered call options on its portfolio of U.S. Treasuries as an income generation strategy. In a covered call transaction, the Company receives a premium at the inception of the contract in exchange for giving the derivative counterparty the right to purchase the referenced security from the Company at a predetermined price. The call option is “covered” because the Company owns the referenced security over the term of the option. Covered call options are included in interest rate options. The Company utilizes covered call options in non-qualifying hedging relationships.

The Company enters into interest rate forwards to buy and sell securities. The price is agreed upon at the time of the contract and payment for such a contract is made at a specified future date. The Company utilizes interest rate forwards in cash flow and non-qualifying hedging relationships.

Foreign currency derivatives, including foreign currency swaps and foreign currency forwards, are used by the Company to reduce the risk from fluctuations in foreign currency exchange rates associated with its assets and liabilities denominated in foreign currencies.

In a foreign currency swap transaction, the Company agrees with another party to exchange, at specified intervals, the difference between one currency and another at a fixed exchange rate, generally set at inception, calculated by reference to an agreed upon principal amount. The principal amount of each currency is exchanged at the inception and termination of the currency swap by each party. The Company utilizes foreign currency swaps in fair value, cash flow, and non-qualifying hedging relationships.

In a foreign currency forward transaction, the Company agrees with another party to deliver a specified amount of an identified currency at a specified future date. The price is agreed upon at the time of the contract and payment for such a contract is made in a different currency at the specified future date. The Company utilizes foreign currency forwards in non-qualifying hedging relationships.

Swap spreadlocks are used by the Company to hedge invested assets on an economic basis against the risk of changes in credit spreads. Swap spreadlocks are forward transactions between two parties whose underlying reference index is a forward starting interest rate swap where the Company agrees to pay a coupon based on a

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predetermined reference swap spread in exchange for receiving a coupon based on a floating rate. The Company has the option to cash settle with the counterparty in lieu of maintaining the swap after the effective date. The Company utilizes swap spreadlocks in non-qualifying hedging relationships.

Certain credit default swaps are used by the Company to hedge against credit-related changes in the value of its investments and to diversify its credit risk exposure in certain portfolios. In a credit default swap transaction, the Company agrees with another party, at specified intervals, to pay a premium to hedge credit risk. If a credit event, as defined by the contract, occurs, generally the contract will require the swap to be settled gross by the delivery of par quantities of the referenced investment equal to the specified swap notional in exchange for the payment of cash amounts by the counterparty equal to the par value of the investment surrendered. The Company utilizes credit default swaps in non-qualifying hedging relationships.

Credit default swaps are also used to synthetically create investments that are either more expensive to acquire or otherwise unavailable in the cash markets. These transactions are a combination of a derivative and a cash instrument such as a U.S. Treasury or agency security. These credit default swaps are not designated as hedging instruments.

The Company enters into forwards to lock in the price to be paid for forward purchases of certain securities. The price is agreed upon at the time of the contract and payment for the contract is made at a specified future date. When the primary purpose of entering into these transactions is to hedge against the risk of changes in purchase price due to changes in credit spreads, the Company designates these as credit forwards. The Company utilizes credit forwards in cash flow hedging relationships.

In exchange-traded equity futures transactions, the Company agrees to purchase or sell a specified number of contracts, the value of which is determined by the different classes of equity securities, and to post variation margin on a daily basis in an amount equal to the difference in the daily market values of those contracts. The Company enters into exchange-traded futures with regulated futures commission merchants that are members of the exchange. Exchange-traded equity futures are used primarily to hedge liabilities embedded in certain variable annuity products offered by the Company. The Company utilizes exchange-traded equity futures in non-qualifying hedging relationships.

Equity index options are used by the Company primarily to hedge minimum guarantees embedded in certain variable annuity products offered by the Company. To hedge against adverse changes in equity indices, the Company enters into contracts to sell the equity index within a limited time at a contracted price. The contracts will be net settled in cash based on differentials in the indices at the time of exercise and the strike price. In certain instances, the Company may enter into a combination of transactions to hedge adverse changes in equity indices within a pre-determined range through the purchase and sale of options. Equity index options are included in equity options in the preceding table. The Company utilizes equity index options in non-qualifying hedging relationships.

Equity variance swaps are used by the Company primarily to hedge minimum guarantees embedded in certain variable annuity products offered by the Company. In an equity variance swap, the Company agrees with another party to exchange amounts in the future, based on changes in equity volatility over a defined period. Equity variance swaps are included in variance swaps in the preceding table. The Company utilizes equity variance swaps in non-qualifying hedging relationships.

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Hedging

The following table presents the gross notional amount and estimated fair value of derivatives designated as hedging instruments by type of hedge designation at:

<u>Derivatives Designated as Hedging Instruments</u>	<u>March 31, 2011</u>			<u>December 31, 2010</u>		
	<u>Notional Amount</u>	<u>Estimated Fair Value</u>		<u>Notional Amount</u>	<u>Estimated Fair Value</u>	
		<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>
	(In millions)					
Fair value hedges:						
Foreign currency swaps	\$ 734	\$ 330	\$ 16	\$ 787	\$ 334	\$ 18
Interest rate swaps	298	10	18	193	11	15
Subtotal	<u>1,032</u>	<u>340</u>	<u>34</u>	<u>980</u>	<u>345</u>	<u>33</u>
Cash flow hedges:						
Foreign currency swaps	339	16	13	295	15	11
Interest rate swaps	520	—	50	575	1	45
Interest rate forwards	695	—	79	695	—	71
Subtotal	<u>1,554</u>	<u>16</u>	<u>142</u>	<u>1,565</u>	<u>16</u>	<u>127</u>
Total qualifying hedges	<u>\$ 2,586</u>	<u>\$ 356</u>	<u>\$ 176</u>	<u>\$ 2,545</u>	<u>\$ 361</u>	<u>\$ 160</u>

The following table presents the gross notional amount and estimated fair value of derivatives that were not designated or do not qualify as hedging instruments by derivative type at:

<u>Derivatives Not Designated or Not Qualifying as Hedging Instruments</u>	<u>March 31, 2011</u>			<u>December 31, 2010</u>		
	<u>Notional Amount</u>	<u>Estimated Fair Value</u>		<u>Notional Amount</u>	<u>Estimated Fair Value</u>	
		<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>
	(In millions)					
Interest rate swaps	\$ 8,937	\$ 611	\$ 174	\$ 8,334	\$ 646	\$ 192
Interest rate floors	7,986	99	51	7,986	127	62
Interest rate caps	7,658	50	—	7,158	29	1
Interest rate futures	1,671	2	—	1,966	5	7
Foreign currency swaps	968	88	52	1,479	236	39
Foreign currency forwards	182	—	6	151	4	1
Credit default swaps	1,745	17	21	1,324	15	22
Equity futures	136	—	—	93	—	—
Equity options	1,313	154	—	733	77	—
Variance swaps	1,081	16	10	1,081	20	8
Total non-designated or non-qualifying derivatives	<u>\$31,677</u>	<u>\$1,037</u>	<u>\$ 314</u>	<u>\$30,305</u>	<u>\$1,159</u>	<u>\$ 332</u>

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Net Derivative Gains (Losses)

The components of net derivative gains (losses) were as follows:

	Three Months Ended March 31,	
	2011	2010
(In millions)		
Derivatives and hedging gains (losses) (1)	\$(103)	\$ (97)
Embedded derivatives	(53)	(211)
Total net derivative gains (losses)	<u>\$(156)</u>	<u>\$(308)</u>

(1) Includes foreign currency transaction gains (losses) on hedged items in cash flow and non-qualifying hedge relationships, which are not presented elsewhere in this note.

The following table presents the settlement payments recorded in income for the:

	Three Months Ended March 31,	
	2011	2010
(In millions)		
Qualifying hedges:		
Net investment income	\$ 1	\$ —
Interest credited to policyholder account balances	11	10
Non-qualifying hedges:		
Net derivative gains (losses)	10	(6)
Total	<u>\$22</u>	<u>\$ 4</u>

Fair Value Hedges

The Company designates and accounts for the following as fair value hedges when they have met the requirements of fair value hedging: (i) interest rate swaps to convert fixed rate investments to floating rate investments; (ii) interest rate swaps to convert fixed rate liabilities to floating rate liabilities; and (iii) foreign currency swaps to hedge the foreign currency fair value exposure of foreign currency denominated liabilities.

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The Company recognizes gains and losses on derivatives and the related hedged items in fair value hedges within net derivative gains (losses). The following table represents the amount of such net derivative gains (losses) recognized for the three months ended March 31, 2011 and 2010:

Derivatives in Fair Value Hedging Relationships	Hedged Items in Fair Value Hedging Relationships	Net Derivative Gains (Losses) Recognized for Derivatives	Net Derivative Gains (Losses) Recognized for Hedged Items (In millions)	Ineffectiveness Recognized in Net Derivative Gains (Losses)
For the Three Months Ended March 31, 2011:				
Interest rate swaps:	Fixed maturity securities	\$ 1	\$ (1)	\$ —
	Policyholder account balances (1)	(5)	4	(1)
Foreign currency swaps:	Foreign-denominated policyholder account balances (2)	22	(26)	(4)
Total		\$ 18	\$ (23)	\$ (5)
For the Three Months Ended March 31, 2010:				
Interest rate swaps:	Policyholder account balances (1)	\$ 1	\$ (4)	\$ (3)
Foreign currency swaps:	Foreign-denominated policyholder account balances (2)	(52)	44	(8)
Total		\$ (51)	\$ 40	\$ (11)

(1) Fixed rate liabilities

(2) Fixed rate or floating rate liabilities

All components of each derivative's gain or loss were included in the assessment of hedge effectiveness.

Cash Flow Hedges

The Company designates and accounts for the following as cash flow hedges when they have met the requirements of cash flow hedging: (i) foreign currency swaps to hedge the foreign currency cash flow exposure of foreign currency denominated investments and liabilities; (ii) interest rate forwards and credit forwards to lock in the price to be paid for forward purchases of investments; (iii) interest rate swaps and interest rate forwards to hedge the forecasted purchases of fixed-rate investments; and (iv) interest rate swaps to convert floating rate investments to fixed rate investments.

For both the three months ended March 31, 2011 and 2010, the Company recognized insignificant net derivative gains (losses) which represented the ineffective portion of all cash flow hedges. For the three months ended March 31, 2011 and 2010, there were no instances in which the Company discontinued cash flow hedge accounting because the forecasted transactions did not occur on the anticipated date or within two months of that date. At March 31, 2011 and March 31, 2010, the maximum length of time over which the Company was hedging its exposure to variability in future cash flows for forecasted transactions did not exceed six years and one year, respectively.

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The following table presents the components of accumulated other comprehensive income (loss), before income tax, related to cash flow hedges:

	Three Months Ended March 31,	
	2011	2010
	(In millions)	
Accumulated other comprehensive income (loss), balance at beginning of period	\$(109)	\$ (1)
Gains (losses) deferred in other comprehensive income (loss) on the effective portion of cash flow hedges	(21)	3
Amounts reclassified to net derivative gains (losses)	(2)	2
Accumulated other comprehensive income (loss), balance at end of period	<u>\$ (132)</u>	<u>\$ 4</u>

At March 31, 2011, \$1 million of deferred net gains (losses) on derivatives in accumulated other comprehensive income (loss) was expected to be reclassified to earnings within the next 12 months.

The following table presents the effects of derivatives in cash flow hedging relationships on the interim condensed consolidated statements of operations and the interim condensed consolidated statements of stockholders' equity for the three months ended March 31, 2011 and 2010:

<u>Derivatives in Cash Flow Hedging Relationships</u>	Amount of Gains (Losses) Deferred in Accumulated Other Comprehensive Income (Loss) on Derivatives	Amount and Location of Gains (Losses) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (Loss) Net Derivative Gains (Losses)
	(In millions)	
For the Three Months Ended March 31, 2011:		
Interest rate swaps	\$ (11)	\$ —
Foreign currency swaps	(1)	2
Interest rate forwards	(9)	—
Total	<u>\$ (21)</u>	<u>\$ 2</u>
For the Three Months Ended March 31, 2010:		
Foreign currency swaps	\$ —	\$ (2)
Credit forwards	3	—
Total	<u>\$ 3</u>	<u>\$ (2)</u>

All components of each derivative's gain or loss were included in the assessment of hedge effectiveness.

Non-Qualifying Derivatives and Derivatives for Purposes Other Than Hedging

The Company enters into the following derivatives that do not qualify for hedge accounting or for purposes other than hedging: (i) interest rate swaps, implied volatility swaps, caps and floors and interest rate futures to economically hedge its exposure to interest rates; (ii) foreign currency forwards and swaps to economically hedge its exposure to adverse movements in exchange rates; (iii) credit default swaps to economically hedge exposure to adverse movements in credit; (iv) equity futures, equity index options, interest rate futures and equity variance swaps to economically hedge liabilities embedded in certain variable annuity products; (v) swap spreadlocks to economically hedge invested assets against the risk of changes in credit spreads; (vi) credit default swaps to

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synthetically create investments; (vii) interest rate forwards to buy and sell securities to economically hedge its exposure to interest rates; (viii) basis swaps to better match the cash flows of assets and related liabilities; (ix) inflation swaps to reduce risk generated from inflation-indexed liabilities; (x) covered call options for income generation; and (xi) equity options to economically hedge certain invested assets against adverse changes in equity indices.

The following tables present the amount and location of gains (losses) recognized in income for derivatives that were not designated or qualifying as hedging instruments:

	<u>Net Derivative Gains (Losses)</u>	<u>Net Investment Income (1)</u>
	(In millions)	
For the Three Months Ended March 31, 2011:		
Interest rate swaps	\$ (24)	\$ —
Interest rate floors	(17)	—
Interest rate caps	(1)	—
Interest rate futures	(1)	—
Foreign currency swaps	3	—
Foreign currency forwards	(11)	—
Equity options	(22)	(1)
Variance swaps	(6)	—
Total	<u>\$ (79)</u>	<u>\$ (1)</u>
For the Three Months Ended March 31, 2010:		
Interest rate swaps	\$ 18	\$ —
Interest rate floors	(7)	—
Interest rate caps	(8)	—
Interest rate futures	(5)	—
Equity futures	(5)	—
Foreign currency swaps	(44)	—
Foreign currency forwards	4	—
Equity options	(23)	(1)
Variance swaps	(10)	—
Total	<u>\$ (80)</u>	<u>\$ (1)</u>

(1) Changes in estimated fair value related to economic hedges of equity method investments in joint ventures.

Credit Derivatives

In connection with synthetically created investment transactions, the Company writes credit default swaps for which it receives a premium to insure credit risk. Such credit derivatives are included within the non-qualifying derivatives and derivatives for purposes other than hedging table. If a credit event occurs, as defined by the contract, generally the contract will require the Company to pay the counterparty the specified swap notional amount in exchange for the delivery of par quantities of the referenced credit obligation. The Company's maximum amount at risk, assuming the value of all referenced credit obligations is zero, was \$1,382 million and \$912 million at March 31, 2011 and December 31, 2010, respectively. The Company can terminate these contracts at any time through cash settlement with the counterparty at an amount equal to the then current fair value of the credit default

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swaps. At March 31, 2011 and December 31, 2010, the Company would have received \$15 million and \$13 million, respectively, to terminate all of these contracts.

The following table presents the estimated fair value, maximum amount of future payments and weighted average years to maturity of written credit default swaps at March 31, 2011 and December 31, 2010:

Rating Agency Designation of Referenced Credit Obligations (1)	March 31, 2011			December 31, 2010		
	Estimated Fair Value of Credit Default Swaps	Maximum Amount of Future Payments under Credit Default Swaps (2)	Weighted Average Years to Maturity (3)	Estimated Fair Value of Credit Default Swaps	Maximum Amount of Future Payments under Credit Default Swaps (2)	Weighted Average Years to Maturity (3)
(In millions)						
Aaa/Aa/A						
Single name credit default swaps (corporate)	\$ 1	\$ 80	4.1	\$ 1	\$ 45	3.6
Credit default swaps referencing indices	11	754	3.6	11	679	3.7
Subtotal	12	834	3.7	12	724	3.7
Baa						
Single name credit default swaps (corporate)	—	125	5.0	—	5	3.0
Credit default swaps referencing indices	3	423	4.8	1	183	5.0
Subtotal	3	548	4.8	1	188	5.0
Total	\$ 15	\$ 1,382	4.1	\$ 13	\$ 912	4.0

(1) The rating agency designations are based on availability and the midpoint of the applicable ratings among Moody's, S&P and Fitch. If no rating is available from a rating agency, then an internally developed rating is used.

(2) Assumes the value of the referenced credit obligations is zero.

(3) The weighted average years to maturity of the credit default swaps is calculated based on weighted average notional amounts.

Credit Risk on Freestanding Derivatives

The Company may be exposed to credit-related losses in the event of nonperformance by counterparties to derivative financial instruments. Generally, the current credit exposure of the Company's derivative contracts is limited to the net positive estimated fair value of derivative contracts at the reporting date after taking into consideration the existence of netting agreements and any collateral received pursuant to credit support annexes.

The Company manages its credit risk related to over-the-counter derivatives by entering into transactions with creditworthy counterparties, maintaining collateral arrangements and through the use of master agreements that provide for a single net payment to be made by one counterparty to another at each due date and upon termination. Because exchange-traded futures are effected through regulated exchanges, and positions are marked to market on a daily basis, the Company has minimal exposure to credit-related losses in the event of nonperformance by counterparties to such derivative instruments. See Note 4 for a description of the impact of credit risk on the valuation of derivative instruments.

The Company enters into various collateral arrangements which require both the pledging and accepting of collateral in connection with its derivative instruments. At March 31, 2011 and December 31, 2010, the Company was obligated to return cash collateral under its control of \$898 million and \$965 million, respectively. This unrestricted cash collateral is included in cash and cash equivalents or in short-term investments and the obligation to return it is included in payables for collateral under securities loaned and other transactions in the consolidated balance sheets. At March 31, 2011 and December 31, 2010, the Company had also accepted collateral consisting of various securities with a fair market value of \$24 million and \$3 million, respectively, which were held in separate

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custodial accounts. The Company is permitted by contract to sell or repledge this collateral, but at March 31, 2011, none of the collateral had been sold or repledged.

The Company's collateral arrangements for its over-the-counter derivatives generally require the counterparty in a net liability position, after considering the effect of netting agreements, to pledge collateral when the fair value of that counterparty's derivatives reaches a pre-determined threshold. Certain of these arrangements also include credit-contingent provisions that provide for a reduction of these thresholds (on a sliding scale that converges toward zero) in the event of downgrades in the credit ratings of the Company and/or the counterparty. In addition, certain of the Company's netting agreements for derivative instruments contain provisions that require the Company to maintain a specific investment grade credit rating from at least one of the major credit rating agencies. If the Company's credit ratings were to fall below that specific investment grade credit rating, it would be in violation of these provisions, and the counterparties to the derivative instruments could request immediate payment or demand immediate and ongoing full overnight collateralization on derivative instruments that are in a net liability position after considering the effect of netting agreements.

The following table presents the estimated fair value of the Company's over-the-counter derivatives that are in a net liability position after considering the effect of netting agreements, together with the estimated fair value and balance sheet location of the collateral pledged. The table also presents the incremental collateral that the Company would be required to provide if there was a one notch downgrade in the Company's credit rating at the reporting date or if the Company's credit rating sustained a downgrade to a level that triggered full overnight collateralization or termination of the derivative position at the reporting date. Derivatives that are not subject to collateral agreements are not included in the scope of this table.

	Estimated Fair Value (1) of Derivatives in Net Liability Position	Estimated Fair Value of Collateral Provided: Fixed Maturity Securities (2)	Fair Value of Incremental Collateral Provided Upon:	
			One Notch Downgrade in the Company's Credit Rating	Downgrade in the Company's Credit Rating to a Level that Triggers Full Overnight Collateralization or Termination of the Derivative Position
			(In millions)	
March 31, 2011	\$147	\$76	\$13	\$78
December 31, 2010	\$ 96	\$58	\$11	\$62

(1) After taking into consideration the existence of netting agreements.

(2) Included in fixed maturity securities in the consolidated balance sheets. The counterparties are permitted by contract to sell or repledge this collateral. At both March 31, 2011 and December 31, 2010, the Company did not provide any cash collateral.

Without considering the effect of netting agreements, the estimated fair value of the Company's over-the-counter derivatives with credit-contingent provisions that were in a gross liability position at March 31, 2011 was \$206 million. At March 31, 2011, the Company provided securities collateral of \$76 million in connection with these derivatives. In the unlikely event that both: (i) the Company's credit rating was downgraded to a level that triggers full overnight collateralization or termination of all derivative positions; and (ii) the Company's netting agreements were deemed to be legally unenforceable, then the additional collateral that the Company would be required to provide to its counterparties in connection with its derivatives in a gross liability position at March 31, 2011 would be \$130 million. This amount does not consider gross derivative assets of \$59 million for which the Company has the contractual right of offset.

The Company also has exchange-traded futures, which may require the pledging of collateral. At both March 31, 2011 and December 31, 2010, the Company did not pledge any securities collateral for exchange-traded

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futures. At March 31, 2011 and December 31, 2010, the Company provided cash collateral for exchange-traded futures of \$28 million and \$25 million, respectively, which is included in premiums, reinsurance and other receivables.

Embedded Derivatives

The Company has certain embedded derivatives that are required to be separated from their host contracts and accounted for as derivatives. These host contracts principally include: variable annuities with guaranteed minimum benefits, including guaranteed minimum withdrawal benefits (“GMWBs”), guaranteed minimum accumulation benefits (“GMABs”) and certain guaranteed minimum income benefits (“GMIBs”); affiliated reinsurance contracts of guaranteed minimum benefits related to GMWBs, GMABs and certain GMIBs; ceded reinsurance written on a funds withheld basis; and options embedded in debt or equity securities.

The following table presents the estimated fair value of the Company’s embedded derivatives at:

	<u>March 31, 2011</u>	<u>December 31, 2010</u>
	(In millions)	
Net embedded derivatives within asset host contracts:		
Ceded guaranteed minimum benefits	\$ 563	\$ 936
Options embedded in debt or equity securities	(1)	(2)
Net embedded derivatives within asset host contracts	<u>\$ 562</u>	<u>\$ 934</u>
Net embedded derivatives within liability host contracts:		
Direct guaranteed minimum benefits	\$ (61)	\$ 254
Other	(23)	5
Net embedded derivatives within liability host contracts	<u>\$ (84)</u>	<u>\$ 259</u>

The following table presents changes in estimated fair value related to embedded derivatives:

	Three Months Ended	
	March 31,	
	<u>2011</u>	<u>2010</u>
	(In millions)	
Net derivative gains (losses) (1), (2)	\$(53)	\$(211)

(1) The valuation of direct guaranteed minimum benefits includes an adjustment for nonperformance risk. Included in net derivative gains (losses), in connection with this adjustment, were gains (losses) of (\$29) million and (\$71) million, for the three months ended March 31, 2011 and 2010, respectively. In addition, the valuation of ceded guaranteed minimum benefits includes an adjustment for nonperformance risk. Included in net derivative gains (losses), in connection with this adjustment, were gains (losses) of \$41 million and \$44 million, for the three months ended March 31, 2011 and 2010, respectively.

(2) See Note 8 for discussion of affiliated net derivative gains (losses) included in the table above.

4. Fair Value

Considerable judgment is often required in interpreting market data to develop estimates of fair value and the use of different assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

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Assets and Liabilities Measured at Fair Value

Recurring Fair Value Measurements

The assets and liabilities measured at estimated fair value on a recurring basis, including those items for which the Company has elected the FVO, were determined as described below. These estimated fair values and their corresponding placement in the fair value hierarchy are summarized as follows:

	March 31, 2011			
	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Estimated Fair Value
(In millions)				
Assets:				
Fixed maturity securities:				
U.S. corporate securities	\$ —	\$ 14,004	\$ 1,428	\$ 15,432
Foreign corporate securities	—	7,812	782	8,594
U.S. Treasury and agency securities	4,230	3,277	32	7,539
RMBS	—	6,804	18	6,822
CMBS	—	2,038	152	2,190
ABS	—	1,292	561	1,853
State and political subdivision securities	—	1,755	32	1,787
Foreign government securities	—	881	2	883
Total fixed maturity securities	4,230	37,863	3,007	45,100
Equity securities:				
Non-redeemable preferred stock	—	54	219	273
Common stock	42	78	31	151
Total equity securities	42	132	250	424
Other securities:				
FVO general account securities	—	7	—	7
FVO contractholder-directed unit-linked investments	2,618	—	—	2,618
Total other securities	2,618	7	—	2,625
Short-term investments (1)	598	403	82	1,083
Mortgage loans held by consolidated securitization entities	—	6,771	—	6,771
Derivative assets: (2)				
Interest rate contracts	2	766	4	772
Foreign currency contracts	—	434	—	434
Credit contracts	—	5	12	17
Equity market contracts	—	154	16	170
Total derivative assets	2	1,359	32	1,393
Net embedded derivatives within asset host contracts (3)	—	—	563	563
Separate account assets (4)	231	65,919	130	66,280
Total assets	\$ 7,721	\$ 112,454	\$ 4,064	\$ 124,239
Liabilities:				
Derivative liabilities: (2)				
Interest rate contracts	\$ —	\$ 293	\$ 79	\$ 372
Foreign currency contracts	—	87	—	87
Credit contracts	—	20	1	21
Equity market contracts	—	—	10	10
Total derivative liabilities	—	400	90	490
Net embedded derivatives within liability host contracts (3)	—	—	(84)	(84)
Long-term debt of consolidated securitization entities	—	6,693	—	6,693
Total liabilities	\$ —	\$ 7,093	\$ 6	\$ 7,099

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	December 31, 2010			
	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Estimated Fair Value
	(In millions)			
Assets:				
Fixed maturity securities:				
U.S. corporate securities	\$ —	\$ 13,864	\$ 1,510	\$ 15,374
Foreign corporate securities	—	7,590	880	8,470
U.S. Treasury and agency securities	4,616	3,026	34	7,676
RMBS	—	6,674	35	6,709
CMBS	—	2,147	130	2,277
ABS	—	1,301	568	1,869
State and political subdivision securities	—	1,614	32	1,646
Foreign government securities	—	889	14	903
Total fixed maturity securities	<u>4,616</u>	<u>37,105</u>	<u>3,203</u>	<u>44,924</u>
Equity securities:				
Non-redeemable preferred stock	—	54	214	268
Common stock	43	72	22	137
Total equity securities	<u>43</u>	<u>126</u>	<u>236</u>	<u>405</u>
Other securities:				
FVO general account securities	—	7	—	7
FVO contractholder-directed unit-linked investments	2,240	—	—	2,240
Total other securities	<u>2,240</u>	<u>7</u>	<u>—</u>	<u>2,247</u>
Short-term investments (1)	390	584	173	1,147
Mortgage loans held by consolidated securitization entities	—	6,840	—	6,840
Derivative assets: (2)				
Interest rate contracts	5	804	10	819
Foreign currency contracts	—	589	—	589
Credit contracts	—	3	12	15
Equity market contracts	—	77	20	97
Total derivative assets	<u>5</u>	<u>1,473</u>	<u>42</u>	<u>1,520</u>
Net embedded derivatives within asset host contracts (3)	—	—	936	936
Separate account assets (4)	76	61,410	133	61,619
Total assets	<u>\$ 7,370</u>	<u>\$ 107,545</u>	<u>\$ 4,723</u>	<u>\$ 119,638</u>
Liabilities:				
Derivative liabilities: (2)				
Interest rate contracts	\$ 7	\$ 315	\$ 71	\$ 393
Foreign currency contracts	—	69	—	69
Credit contracts	—	21	1	22
Equity market contracts	—	—	8	8
Total derivative liabilities	<u>7</u>	<u>405</u>	<u>80</u>	<u>492</u>
Net embedded derivatives within liability host contracts (3)	—	—	259	259
Long-term debt of consolidated securitization entities	—	6,773	—	6,773
Total liabilities	<u>\$ 7</u>	<u>\$ 7,178</u>	<u>\$ 339</u>	<u>\$ 7,524</u>

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- (1) Short-term investments as presented in the tables above differ from the amounts presented in the consolidated balance sheets because certain short-term investments are not measured at estimated fair value (e.g., time deposits, etc.), and therefore are excluded from the tables presented above.
 - (2) Derivative assets are presented within other invested assets in the consolidated balance sheets and derivative liabilities are presented within other liabilities in the consolidated balance sheets. The amounts are presented gross in the tables above to reflect the presentation in the consolidated balance sheets, but are presented net for purposes of the rollforward in the Fair Value Measurements Using Significant Unobservable Inputs (Level 3) tables which follow.
 - (3) Net embedded derivatives within asset host contracts are presented within premiums, reinsurance and other receivables in the consolidated balance sheets. Net embedded derivatives within liability host contracts are presented in the consolidated balance sheets within policyholder account balances and other liabilities. At March 31, 2011, fixed maturity securities and equity securities also included embedded derivatives of \$6 million and (\$7) million, respectively. At December 31, 2010, fixed maturity securities and equity securities included embedded derivatives of \$3 million and (\$5) million, respectively.
 - (4) Separate account assets are measured at estimated fair value. Investment performance related to separate account assets is fully offset by corresponding amounts credited to contractholders whose liability is reflected within separate account liabilities. Separate account liabilities are set equal to the estimated fair value of separate account assets.

See “— Variable Interest Entities” in Note 2 for discussion of CSEs included in the tables above.

The methods and assumptions used to estimate the fair value of financial instruments are summarized as follows:

Fixed Maturity Securities, Equity Securities, Other Securities and Short-term Investments

When available, the estimated fair value of the Company’s fixed maturity securities, equity securities, other securities and short-term investments are based on quoted prices in active markets that are readily and regularly obtainable. Generally, these are the most liquid of the Company’s securities holdings and valuation of these securities does not involve management judgment.

When quoted prices in active markets are not available, the determination of estimated fair value is based on market standard valuation methodologies. The market standard valuation methodologies utilized include: discounted cash flow methodologies, matrix pricing or other similar techniques. The inputs in applying these market standard valuation methodologies include, but are not limited to: interest rates, credit standing of the issuer or counterparty, industry sector of the issuer, coupon rate, call provisions, sinking fund requirements, maturity and management’s assumptions regarding estimated duration, liquidity and estimated future cash flows. Accordingly, the estimated fair values are based on available market information and management’s judgments about financial instruments.

The significant inputs to the market standard valuation methodologies for certain types of securities with reasonable levels of price transparency are inputs that are observable in the market or can be derived principally from or corroborated by observable market data. Such observable inputs include benchmarking prices for similar assets in active markets, quoted prices in markets that are not active and observable yields and spreads in the market.

When observable inputs are not available, the market standard valuation methodologies for determining the estimated fair value of certain types of securities that trade infrequently, and therefore have little or no price transparency, rely on inputs that are significant to the estimated fair value that are not observable in the market or cannot be derived principally from or corroborated by observable market data. These unobservable inputs can be based in large part on management judgment or estimation and cannot be supported by reference to market activity.

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Even though unobservable, these inputs are assumed to be consistent with what other market participants would use when pricing such securities and are considered appropriate given the circumstances.

The use of different methodologies, assumptions and inputs may have a material effect on the estimated fair values of the Company's securities holdings.

Mortgage Loans Held by CSEs

Mortgage loans presented in the tables above consist of commercial mortgage loans held by CSEs for which the Company has elected the FVO and which are carried at estimated fair value. The Company consolidates certain securitization entities that hold commercial mortgage loans. See “— Valuation Techniques and Inputs by Level Within the Three-Level Fair Value Hierarchy by Major Classes of Assets and Liabilities” below for a discussion of the methods and assumptions used to estimate the fair value of these financial instruments.

Derivatives

The estimated fair value of derivatives is determined through the use of quoted market prices for exchange-traded derivatives or through the use of pricing models for over-the-counter derivatives. The determination of estimated fair value, when quoted market values are not available, is based on market standard valuation methodologies and inputs that are assumed to be consistent with what other market participants would use when pricing the instruments. Derivative valuations can be affected by changes in interest rates, foreign currency exchange rates, financial indices, credit spreads, default risk (including the counterparties to the contract), volatility, liquidity and changes in estimates and assumptions used in the pricing models.

The significant inputs to the pricing models for most over-the-counter derivatives are inputs that are observable in the market or can be derived principally from or corroborated by observable market data. Significant inputs that are observable generally include: interest rates, foreign currency exchange rates, interest rate curves, credit curves and volatility. However, certain over-the-counter derivatives may rely on inputs that are significant to the estimated fair value that are not observable in the market or cannot be derived principally from or corroborated by observable market data. Significant inputs that are unobservable generally include: independent broker quotes, credit correlation assumptions, references to emerging market currencies and inputs that are outside the observable portion of the interest rate curve, credit curve, volatility or other relevant market measure. These unobservable inputs may involve significant management judgment or estimation. Even though unobservable, these inputs are based on assumptions deemed appropriate given the circumstances and are assumed to be consistent with what other market participants would use when pricing such instruments.

The credit risk of both the counterparty and the Company are considered in determining the estimated fair value for all over-the-counter derivatives, and any potential credit adjustment is based on the net exposure by counterparty after taking into account the effects of netting agreements and collateral arrangements. The Company values its derivative positions using the standard swap curve which includes a spread to the risk free rate. This credit spread is appropriate for those parties that execute trades at pricing levels consistent with the standard swap curve. As the Company and its significant derivative counterparties consistently execute trades at such pricing levels, additional credit risk adjustments are not currently required in the valuation process. The Company's ability to consistently execute at such pricing levels is in part due to the netting agreements and collateral arrangements that are in place with all of its significant derivative counterparties. The evaluation of the requirement to make additional credit risk adjustments is performed by the Company each reporting period.

Most inputs for over-the-counter derivatives are mid market inputs but, in certain cases, bid level inputs are used when they are deemed more representative of exit value. Market liquidity, as well as the use of different methodologies, assumptions and inputs, may have a material effect on the estimated fair values of the Company's derivatives and could materially affect net income.

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Net Embedded Derivatives Within Asset and Liability Host Contracts

Embedded derivatives principally include certain direct and ceded variable annuity guarantees and embedded derivatives related to funds withheld on ceded reinsurance. Embedded derivatives are recorded at estimated fair value with changes in estimated fair value reported in net income.

The Company issues certain variable annuity products with guaranteed minimum benefit guarantees. GMWBs, GMABs and certain GMIBs are embedded derivatives, which are measured at estimated fair value separately from the host variable annuity contract, with changes in estimated fair value reported in net derivative gains (losses). These embedded derivatives are classified within policyholder account balances in the consolidated balance sheets.

The fair value of these guarantees is estimated using the present value of future benefits minus the present value of future fees using actuarial and capital market assumptions related to the projected cash flows over the expected lives of the contracts. A risk neutral valuation methodology is used under which the cash flows from the guarantees are projected under multiple capital market scenarios using observable risk free rates, currency exchange rates and observable and estimated implied volatilities.

The valuation of these guarantee liabilities includes adjustments for nonperformance risk and for a risk margin related to non-capital market inputs. Both of these adjustments are captured as components of the spread which, when combined with the risk free rate, is used to discount the cash flows of the liability for purposes of determining its fair value.

The nonperformance adjustment is determined by taking into consideration publicly available information relating to spreads in the secondary market for MetLife's debt, including related credit default swaps. These observable spreads are then adjusted, as necessary, to reflect the priority of these liabilities and the claims paying ability of the issuing insurance subsidiaries compared to MetLife.

Risk margins are established to capture the non-capital market risks of the instrument which represent the additional compensation a market participant would require to assume the risks related to the uncertainties of such actuarial assumptions as annuitization, premium persistency, partial withdrawal and surrenders. The establishment of risk margins requires the use of significant management judgment, including assumptions of the amount and cost of capital needed to cover the guarantees. These guarantees may be more costly than expected in volatile or declining equity markets. Market conditions including, but not limited to, changes in interest rates, equity indices, market volatility and foreign currency exchange rates; changes in nonperformance risk; and variations in actuarial assumptions regarding policyholder behavior, mortality and risk margins related to non-capital market inputs may result in significant fluctuations in the estimated fair value of the guarantees that could materially affect net income.

The Company ceded the risk associated with certain of the GMIB, GMAB and GMWB guarantees described above to an affiliated reinsurance company that are also accounted for as embedded derivatives. In addition to ceding risks associated with guarantees that are accounted for as embedded derivatives, the Company also cedes, to the same affiliated reinsurance company, certain directly written GMIB guarantees that are accounted for as insurance (i.e., not as embedded derivatives) but where the reinsurance contract contains an embedded derivative. These embedded derivatives are included in premiums, reinsurance and other receivables in the consolidated balance sheets with changes in estimated fair value reported in net derivative gains (losses). The value of the embedded derivatives on these ceded risks is determined using a methodology consistent with that described previously for the guarantees directly written by the Company. Because the direct guarantee is not accounted for at fair value, significant fluctuations in net income may occur as the change in fair value of the embedded derivative on the ceded risk is being recorded in net income without a corresponding and offsetting change in fair value of the direct guarantee.

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As part of its regular review of critical accounting estimates, the Company periodically assesses inputs for estimating nonperformance risk (commonly referred to as “own credit”) in fair value measurements. During the second quarter of 2010, the Company completed a study that aggregated and evaluated data, including historical recovery rates of insurance companies, as well as policyholder behavior observed over the past two years as the recent financial crisis evolved. As a result, at the end of the second quarter of 2010, the Company refined the way in which it incorporates expected recovery rates into the nonperformance risk adjustment for purposes of estimating the fair value of investment-type contracts and embedded derivatives within insurance contracts.

The estimated fair value of the embedded derivatives within funds withheld related to certain ceded reinsurance is determined based on the change in estimated fair value of the underlying assets held by the Company in a reference portfolio backing the funds withheld liability. The estimated fair value of the underlying assets is determined as previously described in “— Fixed Maturity Securities, Equity Securities, Other Securities and Short-term Investments.” The estimated fair value of these embedded derivatives is included, along with their funds withheld hosts, in other liabilities in the consolidated balance sheets with changes in estimated fair value recorded in net derivative gains (losses). Changes in the credit spreads on the underlying assets, interest rates and market volatility may result in significant fluctuations in the estimated fair value of these embedded derivatives that could materially affect net income.

Separate Account Assets

Separate account assets are carried at estimated fair value and reported as a summarized total on the consolidated balance sheets. The estimated fair value of separate account assets is based on the estimated fair value of the underlying assets owned by the separate account. Assets within the Company’s separate accounts include: mutual funds, fixed maturity securities, equity securities, derivatives, other limited partnership interests, short-term investments and cash and cash equivalents. See “— Valuation Techniques and Inputs by Level Within the Three-Level Fair Value Hierarchy by Major Classes of Assets and Liabilities” below for a discussion of the methods and assumptions used to estimate the fair value of these financial instruments.

Long-term Debt of CSEs

The Company has elected the FVO for the long-term debt of CSEs, which are carried at estimated fair value. See “— Valuation Techniques and Inputs by Level Within the Three-Level Fair Value Hierarchy by Major Classes of Assets and Liabilities” below for a discussion of the methods and assumptions used to estimate the fair value of these financial instruments.

Valuation Techniques and Inputs by Level Within the Three-Level Fair Value Hierarchy by Major Classes of Assets and Liabilities

A description of the significant valuation techniques and inputs to the determination of estimated fair value for the more significant asset and liability classes measured at fair value on a recurring basis is as follows:

The Company determines the estimated fair value of its investments using primarily the market approach and the income approach. The use of quoted prices for identical assets and matrix pricing or other similar techniques are examples of market approaches, while the use of discounted cash flow methodologies is an example of the income approach. The Company attempts to maximize the use of observable inputs and minimize the use of unobservable inputs in selecting whether the market or income approach is used.

While certain investments have been classified as Level 1 from the use of unadjusted quoted prices for identical investments supported by high volumes of trading activity and narrow bid/ask spreads, most investments have been classified as Level 2 because the significant inputs used to measure the fair value on a recurring basis of the same or similar investment are market observable or can be corroborated using market observable information for the full term of the investment. Level 3 investments include those where estimated fair values are based on

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significant unobservable inputs that are supported by little or no market activity and may reflect our own assumptions about what factors market participants would use in pricing these investments.

Level 1 Measurements:

Fixed Maturity Securities, Equity Securities, Other Securities and Short-term Investments

These securities are comprised of U.S. Treasury securities, exchange traded common stock, exchange traded registered mutual fund interests included in other securities and short-term money market securities, including U.S. Treasury bills. Valuation of these securities is based on unadjusted quoted prices in active markets that are readily and regularly available. Contractholder-directed unit-linked investments reported within other securities include certain registered mutual fund interests priced using daily net asset value (“NAV”) provided by the fund managers.

Derivative Assets and Derivative Liabilities

These assets and liabilities are comprised of exchange-traded derivatives. Valuation of these assets and liabilities is based on unadjusted quoted prices in active markets that are readily and regularly available.

Separate Account Assets

These assets are comprised of (i) securities that are similar in nature to the fixed maturity securities, equity securities and short-term investments referred to above; and (ii) certain exchange-traded derivatives, including financial futures. Valuation of these assets is based on unadjusted quoted prices in active markets that are readily and regularly available.

Level 2 Measurements:

Fixed Maturity Securities, Equity Securities, Other Securities and Short-term Investments

This level includes fixed maturity securities and equity securities priced principally by independent pricing services using observable inputs. Other securities and short-term investments within this level are of a similar nature and class to the Level 2 securities described below

U.S. corporate and foreign corporate securities. These securities are principally valued using the market and income approaches. Valuation is based primarily on quoted prices in markets that are not active, or using matrix pricing or other similar techniques that use standard market observable inputs such as benchmark yields, spreads off benchmark yields, new issuances, issuer rating, duration, and trades of identical or comparable securities. Investment grade privately placed securities are valued using discounted cash flow methodologies using standard market observable inputs, and inputs derived from, or corroborated by, market observable data including market yield curve, duration, call provisions, observable prices and spreads for similar publicly traded or privately traded issues that incorporate the credit quality and industry sector of the issuer. This level also includes certain below investment grade privately placed fixed maturity securities priced by independent pricing services that use observable inputs.

Structured securities comprised of RMBS, CMBS and ABS. These securities are principally valued using the market approach. Valuation is based primarily on matrix pricing or other similar techniques using standard market inputs including spreads for actively traded securities, spreads off benchmark yields, expected prepayment speeds and volumes, current and forecasted loss severity, rating, weighted average coupon, weighted average maturity, average delinquency rates, geographic region, debt-service coverage ratios and issuance-specific information including, but not limited to: collateral type, payment terms of the underlying assets, payment priority within the tranche, structure of the security, deal performance and vintage of loans.

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U.S. Treasury and agency securities. These securities are principally valued using the market approach. Valuation is based primarily on quoted prices in markets that are not active, or using matrix pricing or other similar techniques using standard market observable inputs such as benchmark U.S. Treasury yield curve, the spread off the U.S. Treasury curve for the identical security and comparable securities that are actively traded.

Foreign government and state and political subdivision securities. These securities are principally valued using the market approach. Valuation is based primarily on matrix pricing or other similar techniques using standard market observable inputs including benchmark U.S. Treasury or other yields, issuer ratings, broker-dealer quotes, issuer spreads and reported trades of similar securities, including those within the same sub-sector or with a similar maturity or credit rating.

Common and non-redeemable preferred stock. These securities are principally valued using the market approach where market quotes are available but are not considered actively traded. Valuation is based principally on observable inputs including quoted prices in markets that are not considered active.

Mortgage Loans Held by CSEs

These commercial mortgage loans are principally valued using the market approach. The principal market for these commercial loan portfolios is the securitization market. The Company uses the quoted securitization market price of the obligations of the CSEs to determine the estimated fair value of these commercial loan portfolios. These market prices are determined principally by independent pricing services using observable inputs.

Derivative Assets and Derivative Liabilities

This level includes all types of derivative instruments utilized by the Company with the exception of exchange-traded derivatives included within Level 1 and those derivative instruments with unobservable inputs as described in Level 3. These derivatives are principally valued using an income approach.

Interest rate contracts.

Non-option-based — Valuations are based on present value techniques, which utilize significant inputs that may include the swap yield curve, London Inter-Bank Offer Rate (“LIBOR”) basis curves and repurchase rates.

Option-based — Valuations are based on option pricing models, which utilize significant inputs that may include the swap yield curve, LIBOR basis curves and interest rate volatility.

Foreign currency contracts.

Non-option-based — Valuations are based on present value techniques, which utilize significant inputs that may include the swap yield curve, LIBOR basis curves, currency spot rates and cross currency basis curves.

Credit contracts.

Non-option-based — Valuations are based on present value techniques, which utilize significant inputs that may include the swap yield curve, credit curves and recovery rates.

Equity market contracts.

Non-option-based — Valuations are based on present value techniques, which utilize significant inputs that may include the swap yield curve, spot equity index levels and dividend yield curves.

Option-based — Valuations are based on option pricing models, which utilize significant inputs that may include the swap yield curve, spot equity index levels, dividend yield curves and equity volatility.

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Separate Account Assets

These assets are comprised of investments that are similar in nature to the fixed maturity securities, equity securities and short-term investments referred to above. Also included are certain mutual funds without readily determinable fair values given prices are not published publicly. Valuation of the mutual funds is based upon quoted prices or reported NAV provided by the fund managers.

Long-term Debt of CSEs

The estimated fair value of the long-term debt of the Company's CSEs is based on quoted prices when traded as assets in active markets or, if not available, based on market standard valuation methodologies, consistent with the Company's methods and assumptions used to estimate the fair value of comparable fixed maturity securities.

Level 3 Measurements:

In general, investments classified within Level 3 use many of the same valuation techniques and inputs as described in Level 2 Measurements. However, if key inputs are unobservable, or if the investments are less liquid and there is very limited trading activity, the investments are generally classified as Level 3. The use of independent non-binding broker quotations to value investments generally indicates there is a lack of liquidity or a lack of transparency in the process to develop the valuation estimates generally causing these investments to be classified in Level 3.

Fixed Maturity Securities, Equity Securities and Short-term Investments

This level includes fixed maturity securities and equity securities priced principally by independent broker quotations or market standard valuation methodologies using inputs that are not market observable or cannot be derived principally from or corroborated by observable market data. Short-term investments within this level are of a similar nature and class to the Level 3 securities described below; accordingly, the valuation techniques and significant market standard observable inputs used in their valuation are also similar to those described below.

U.S. corporate and foreign corporate securities. These securities, including financial services industry hybrid securities classified within fixed maturity securities, are principally valued using the market and income approaches. Valuations are based primarily on matrix pricing or other similar techniques that utilize unobservable inputs or cannot be derived principally from, or corroborated by, observable market data, including illiquidity premiums and spread adjustments to reflect industry trends or specific credit-related issues. Valuations may be based on independent non-binding broker quotations. Generally, below investment grade privately placed or distressed securities included in this level are valued using discounted cash flow methodologies which rely upon significant, unobservable inputs and inputs that cannot be derived principally from, or corroborated by, observable market data.

Structured securities comprised of RMBS, CMBS and ABS. These securities are principally valued using the market approach. Valuation is based primarily on matrix pricing or other similar techniques that utilize inputs that are unobservable or cannot be derived principally from, or corroborated by, observable market data, or are based on independent non-binding broker quotations. Below investment grade securities and ABS supported by sub-prime mortgage loans included in this level are valued based on inputs including quoted prices for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2, and certain of these securities are valued based on independent non-binding broker quotations.

Foreign government and state and political subdivision securities. These securities are principally valued using the market approach. Valuation is based primarily on matrix pricing or other similar techniques, however these securities are less liquid and certain of the inputs are based on very limited trading activity.

Common and non-redeemable preferred stock. These securities, including privately held securities and financial services industry hybrid securities classified within equity securities, are principally valued using the

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market and income approaches. Valuations are based primarily on matrix pricing or other similar techniques using inputs such as comparable credit rating and issuance structure. Equity securities valuations determined with discounted cash flow methodologies use inputs such as earnings multiples based on comparable public companies, and industry-specific non-earnings based multiples. Certain of these securities are valued based on independent non-binding broker quotations.

Derivative Assets and Derivative Liabilities

These derivatives are principally valued using an income approach. Valuations of non-option-based derivatives utilize present value techniques, whereas valuations of option-based derivatives utilize option pricing models. These valuation methodologies generally use the same inputs as described in the corresponding sections above for Level 2 measurements of derivatives. However, these derivatives result in Level 3 classification because one or more of the significant inputs are not observable in the market or cannot be derived principally from, or corroborated by, observable market data.

Interest rate contracts.

Non-option-based — Significant unobservable inputs may include the extrapolation beyond observable limits of the swap yield curve and LIBOR basis curves.

Option-based — Significant unobservable inputs may include the extrapolation beyond observable limits of the swap yield curve, LIBOR basis curves and interest rate volatility.

Foreign currency contracts.

Non-option-based — Significant unobservable inputs may include the extrapolation beyond observable limits of the swap yield curve, LIBOR basis curves and cross currency basis curves. Certain of these derivatives are valued based on independent non-binding broker quotations.

Credit contracts.

Non-option-based — Significant unobservable inputs may include credit correlation, repurchase rates, and the extrapolation beyond observable limits of the swap yield curve and credit curves. Certain of these derivatives are valued based on independent non-binding broker quotations.

Equity market contracts.

Non-option-based — Significant unobservable inputs may include the extrapolation beyond observable limits of dividend yield curves.

Option-based — Significant unobservable inputs may include the extrapolation beyond observable limits of dividend yield curves and equity volatility.

Guaranteed Minimum Benefit Guarantees

These embedded derivatives are principally valued using an income approach. Valuations are based on option pricing techniques, which utilize significant inputs that may include swap yield curve, currency exchange rates and implied volatilities. These embedded derivatives result in Level 3 classification because one or more of the significant inputs are not observable in the market or cannot be derived principally from, or corroborated by, observable market data. Significant unobservable inputs generally include: the extrapolation beyond observable limits of the swap yield curve and implied volatilities, actuarial assumptions for policyholder behavior and mortality and the potential variability in policyholder behavior and mortality, nonperformance risk and cost of capital for purposes of calculating the risk margin.

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Reinsurance Ceded on Certain Guaranteed Minimum Benefit Guarantees

These embedded derivatives are principally valued using an income approach. The valuation techniques and significant market standard unobservable inputs used in their valuation are similar to those previously described for Guaranteed Minimum Benefit Guarantees and also include counterparty credit spreads.

Embedded Derivatives Within Funds Withheld Related to Certain Ceded Reinsurance

These embedded derivatives are principally valued using an income approach. Valuations are based on present value techniques, which utilize significant inputs that may include the swap yield curve and the fair value of assets within the reference portfolio. These embedded derivatives result in Level 3 classification because one or more of the significant inputs are not observable in the market or cannot be derived principally from, or corroborated by, observable market data. Significant unobservable inputs generally include: the fair value of certain assets within the reference portfolio which are not observable in the market and cannot be derived principally from, or corroborated by, observable market data.

Separate Account Assets

These assets are comprised of investments that are similar in nature to the fixed maturity securities and equity securities referred to above. Separate account assets within this level also include other limited partnership interests. Other limited partnership interests are valued giving consideration to the value of the underlying holdings of the partnerships and by applying a premium or discount, if appropriate, for factors such as liquidity, bid/ask spreads, the performance record of the fund manager or other relevant variables which may impact the exit value of the particular partnership interest.

Transfers between Levels 1 and 2:

During the three months ended March 31, 2011 and 2010, transfers between Levels 1 and 2 were not significant.

Transfers into or out of Level 3:

Overall, transfers into and/or out of Level 3 are attributable to a change in the observability of inputs. Assets and liabilities are transferred into Level 3 when a significant input cannot be corroborated with market observable data. This occurs when market activity decreases significantly and underlying inputs cannot be observed, current prices are not available, and/or when there are significant variances in quoted prices, thereby affecting transparency. Assets and liabilities are transferred out of Level 3 when circumstances change such that a significant input can be corroborated with market observable data. This may be due to a significant increase in market activity, a specific event, or one or more significant input(s) becoming observable. Transfers into and/or out of any level are assumed to occur at the beginning of the period. Significant transfers into and/or out of Level 3 assets and liabilities for the three months ended March 31, 2011 and 2010 are summarized below.

Transfers into Level 3 resulted primarily from current market conditions characterized by a lack of trading activity, decreased liquidity and credit ratings downgrades (e.g., from investment grade to below investment grade) which have resulted in decreased transparency of valuations and an increased use of broker quotations and unobservable inputs to determine estimated fair value.

During the three months ended March 31, 2011, transfers into Level 3 for fixed maturity securities of \$20 million were principally comprised of certain U.S. corporate securities. During the three months ended March 31, 2010, transfers into Level 3 for fixed maturity securities of \$63 million were principally comprised of certain CMBS and U.S. and foreign corporate securities.

Transfers out of Level 3 resulted primarily from increased transparency of both new issuances that subsequent to issuance and establishment of trading activity, became priced by independent pricing services and existing

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issuances that, over time, the Company was able to obtain pricing from, or corroborate pricing received from independent pricing services with observable inputs or increases in market activity and upgraded credit ratings. During the three months ended March 31, 2011, transfers out of Level 3 for fixed maturity securities of \$138 million were principally comprised of certain U.S. and foreign corporate securities and RMBS. During the three months ended March 31, 2010, transfers out of Level 3 for fixed maturity securities of \$216 million and separate account assets of \$5 million were principally comprised of certain U.S. and foreign corporate securities, ABS and CMBS.

The following tables summarize the change of all assets and (liabilities) measured at estimated fair value on a recurring basis using significant unobservable inputs (Level 3), including realized and unrealized gains (losses) of all assets and (liabilities) and realized and unrealized gains (losses) of all assets and (liabilities) still held at the end of the respective time periods:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Fixed Maturity Securities:							
	U.S. Corporate Securities	Foreign Corporate Securities	U.S. Treasury and Agency Securities	RMBS	CMBS	ABS	State and Political Subdivision Securities	Foreign Government Securities
(In millions)								
Three Months Ended March 31, 2011:								
Balance, beginning of period	\$ 1,510	\$ 880	\$ 34	\$ 35	\$ 130	\$ 568	\$ 32	\$ 14
Total realized/unrealized gains (losses) included in:								
Earnings: (1) (2)								
Net investment income	2	—	—	—	—	—	—	—
Net investment gains (losses)	(2)	2	—	—	(1)	(6)	—	—
Other comprehensive income (loss)	9	17	—	—	17	10	—	(1)
Purchases (3)	31	14	—	—	8	26	—	—
Sales (3)	(50)	(102)	(2)	—	(2)	(37)	—	(11)
Transfers into Level 3 (4)	19	1	—	—	—	—	—	—
Transfers out of Level 3 (4)	(91)	(30)	—	(17)	—	—	—	—
Balance, end of period	<u>\$ 1,428</u>	<u>\$ 782</u>	<u>\$ 32</u>	<u>\$ 18</u>	<u>\$ 152</u>	<u>\$ 561</u>	<u>\$ 32</u>	<u>\$ 2</u>
Changes in unrealized gains (losses) relating to assets still held at								
March 31, 2011 included in earnings:								
Net investment income	\$ 2	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Net investment gains (losses)	\$ —	\$ —	\$ —	\$ —	\$ (2)	\$ (2)	\$ —	\$ —

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	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Equity Securities:			Net Derivatives: (5)				
	Non- Redeemable Preferred Stock	Common Stock	Short-term Investments	Interest Rate Contracts	Credit Contracts	Equity Market Contracts	Separate Account Assets (6)	Net Embedded Derivatives (7)
Three Months Ended March 31, 2011:								
Balance, beginning of period	\$ 214	\$ 22	\$ 173	\$ (61)	\$ 11	\$ 12	\$ 133	\$ 677
Total realized/unrealized gains (losses) included in:								
Earnings: (1) (2)								
Net investment gains (losses)	—	2	(1)	—	—	—	—	—
Net derivative gains (losses)	—	—	—	1	1	(6)	—	(53)
Other comprehensive income (loss)	12	3	—	(8)	—	—	(5)	—
Purchases (3)	—	9	34	—	—	—	3	—
Sales (3)	(7)	(5)	(124)	—	—	—	(1)	—
Issuances (3)	—	—	—	—	(1)	—	—	—
Settlements (3)	—	—	—	—	—	—	—	23
Transfers into Level 3 (4)	—	—	—	—	—	—	—	—
Transfers out of Level 3 (4)	—	—	—	(7)	—	—	—	—
Balance, end of period	<u>\$ 219</u>	<u>\$ 31</u>	<u>\$ 82</u>	<u>\$ (75)</u>	<u>\$ 11</u>	<u>\$ 6</u>	<u>\$ 130</u>	<u>\$ 647</u>
Changes in unrealized gains (losses) relating to assets and liabilities still held at March 31, 2011 included in earnings:								
Net derivative gains (losses)	\$ —	\$ —	\$ —	\$ 1	\$ 1	\$ (6)	\$ —	\$ (51)

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	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Fixed Maturity Securities:							
	U.S. Corporate Securities	Foreign Corporate Securities	U.S. Treasury and Agency Securities	RMBS (In millions)	CMBS	ABS	State and Political Subdivision Securities	Foreign Government Securities
Three Months Ended March 31, 2010:								
Balance, beginning of period	\$ 1,605	\$ 994	\$ 33	\$ 25	\$ 45	\$ 537	\$ 32	\$ 16
Total realized/unrealized gains (losses) included in:								
Earnings: (1) (2)								
Net investment income	2	—	—	—	—	—	—	—
Net investment gains (losses)	2	(7)	—	—	(1)	—	—	—
Other comprehensive income (loss)	39	46	—	1	5	17	7	—
Purchases, sales, issuances and settlements (3)	(95)	(33)	(1)	8	—	14	9	—
Transfers into Level 3 (4)	20	10	—	2	26	5	—	—
Transfers out of Level 3 (4)	(63)	(57)	—	(8)	(27)	(52)	—	(9)
Balance, end of period	<u>\$ 1,510</u>	<u>\$ 953</u>	<u>\$ 32</u>	<u>\$ 28</u>	<u>\$ 48</u>	<u>\$ 521</u>	<u>\$ 48</u>	<u>\$ 7</u>
Changes in unrealized gains (losses) relating to assets still held at								
March 31, 2010 included in earnings:								
Net investment income	\$ 2	\$ (1)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Net investment gains (losses)	\$ (4)	\$ (4)	\$ —	\$ —	\$ (1)	\$ —	\$ —	\$ —

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	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)									
	Equity Securities:			Net Derivatives: (5)						
	Non- Redeemable Preferred Stock	Common Stock	Short-term Investments	Interest Rate Contracts	Foreign Currency Contracts	Credit Contracts	Equity Market Contracts	Separate Account Assets (6)	Net Embedded Derivatives (7)	
(In millions)										
Three Months Ended March 31, 2010:										
Balance, beginning of period	\$ 258	\$ 11	\$ 8	\$ 2	\$ 23	\$ 4	\$ 18	\$ 153	\$	\$ 445
Total realized/unrealized gains (losses) included in:										
Earnings: (1) (2)										
Net investment gains (losses)	—	—	—	—	—	—	—	(1)	—	—
Net derivative gains (losses)	—	—	—	4	(5)	—	(11)	—	—	(210)
Other comprehensive income (loss)	6	8	—	—	—	2	—	—	—	—
Purchases, sales, issuances and settlements (3)	(22)	17	(7)	—	—	1	—	(1)	—	23
Transfers into Level 3 (4)	—	—	—	—	—	—	—	—	—	—
Transfers out of Level 3 (4)	—	(2)	—	—	—	—	—	(5)	—	—
Balance, end of period	<u>\$ 242</u>	<u>\$ 34</u>	<u>\$ 1</u>	<u>\$ 6</u>	<u>\$ 18</u>	<u>\$ 7</u>	<u>\$ 7</u>	<u>\$ 146</u>	<u>\$</u>	<u>\$ 258</u>
Changes in unrealized gains (losses) relating to assets still held at March 31, 2010 included in earnings:										
Net derivative (losses)	\$ —	\$ —	\$ —	\$ 4	\$ (5)	\$ —	\$ (11)	\$ —	\$	\$ (209)

- (1) Amortization of premium/discount is included within net investment income. Impairments charged to earnings on securities are included within net investment gains (losses). Lapses associated with embedded derivatives are included within the earnings caption of total gains (losses).
- (2) Interest and dividend accruals, as well as cash interest coupons and dividends received, are excluded from the rollforward.
- (3) The amount reported within purchases, sales, issuances and settlements is the purchase or issuance price and the sales or settlement proceeds based upon the actual date purchased or issued and sold or settled, respectively. Items purchased/issued and sold/settled in the same period are excluded from the rollforward. For the three months ended March 31, 2011, fees attributed to embedded derivatives are included within settlements. For the three months ended March 31, 2010, fees attributed to embedded derivatives are included within purchases, sales, issuances and settlements.
- (4) Total gains and losses (in earnings and other comprehensive income (loss)) are calculated assuming transfers into and/or out of Level 3 occurred at the beginning of the period. Items transferred into and out of Level 3 in the same period are excluded from the rollforward.
- (5) Freestanding derivative assets and liabilities are presented net for purposes of the rollforward.

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- (6) Investment performance related to separate account assets is fully offset by corresponding amounts credited to contractholders within separate account liabilities. Therefore, such changes in estimated fair value are not recorded in net income. For the purpose of this disclosure, these changes are presented within net investment gains (losses).
- (7) Embedded derivative assets and liabilities are presented net for purposes of the rollforward.

FVO — Consolidated Securitization Entities

The Company has elected the FVO for the following assets and liabilities held by CSEs: commercial mortgage loans and long-term debt. The following table presents these commercial mortgage loans carried under the FVO at:

	<u>March 31, 2011</u>	<u>December 31, 2010</u>
	(In millions)	
Unpaid principal balance	\$ 6,550	\$ 6,636
Excess of estimated fair value over unpaid principal balance	221	204
Carrying value at estimated fair value	<u>\$ 6,771</u>	<u>\$ 6,840</u>

The following table presents the long-term debt carried under the FVO related to the commercial mortgage loans at:

	<u>March 31, 2011</u>	<u>December 31, 2010</u>
	(In millions)	
Contractual principal balance	\$ 6,454	\$ 6,541
Excess of estimated fair value over contractual principal balance	239	232
Carrying value at estimated fair value	<u>\$ 6,693</u>	<u>\$ 6,773</u>

Interest income on commercial mortgage loans held by CSEs is recorded in net investment income. Interest expense on long-term debt of CSEs is recorded in other expenses. Gains and losses from initial measurement, subsequent changes in estimated fair value and gains or losses on sales of both the commercial mortgage loans and long-term debt are recognized in net investment gains (losses), which is summarized in Note 2.

Non-Recurring Fair Value Measurements

Certain investments are measured at estimated fair value on a non-recurring basis and are not included in the tables presented above. The amounts below relate to certain investments measured at estimated fair value during the period and still held at the reporting dates.

	Three Months Ended March 31,					
	2011			2010		
	Carrying Value Prior to Measurement	Estimated Fair Value After Measurement	Net Investment Gains (Losses)	Carrying Value Prior to Measurement	Estimated Fair Value After Measurement	Net Investment Gains (Losses)
	(In millions)					
Mortgage loans, net (1)	\$—	\$—	\$—	\$31	\$23	\$ (8)
Real estate joint ventures (2)	\$—	\$—	\$—	\$18	\$ 2	\$(16)

- (1) *Mortgage loans* — The impaired mortgage loans presented above were written down to their estimated fair values at the date the impairments were recognized. Estimated fair values for impaired mortgage loans are based on observable market prices or, if the loans are in foreclosure or are otherwise determined to be collateral dependent, on the estimated fair value of the underlying collateral, or the present value of the expected future

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cash flows. Impairments to estimated fair value represent non-recurring fair value measurements that have been categorized as Level 3 due to the lack of price transparency inherent in the limited markets for such mortgage loans.

- (2) *Real estate joint ventures* — The impaired investments presented above were accounted for using the cost method. Impairments on these cost method investments were recognized at estimated fair value determined from information provided in the financial statements of the underlying entities in the period in which the impairment was incurred. These impairments to estimated fair value represent non-recurring fair value measurements that have been classified as Level 3 due to the limited activity and price transparency inherent in the market for such investments. This category includes several real estate funds that typically invest primarily in commercial real estate. The estimated fair values of these investments have been determined using the NAV of the Company's ownership interest in the partners' capital. Distributions from these investments will be generated from investment gains, from operating income from the underlying investments of the funds and from liquidation of the underlying assets of the funds. It is estimated that the underlying assets of the funds will be liquidated over the next 2 to 10 years. There were no unfunded commitments for these investments at March 31, 2011. Unfunded commitments for these investments were \$10 million at March 31, 2010.

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Fair Value of Financial Instruments

Amounts related to the Company's financial instruments that were not measured at fair value on a recurring basis were as follows:

	March 31, 2011		December 31, 2010			
	Notional Amount	Carrying Value	Estimated Fair Value	Notional Amount	Carrying Value	Estimated Fair Value
	(In millions)					
Assets:						
Mortgage loans, net (1)	\$ 5,863	\$ 6,032		\$ 5,890	\$ 6,022	
Policy loans	\$ 1,186	\$ 1,248		\$ 1,190	\$ 1,260	
Real estate joint ventures (2)	\$ 82	\$ 102		\$ 79	\$ 102	
Other limited partnership interests (2)	\$ 107	\$ 122		\$ 104	\$ 116	
Short-term investments (3)	\$ 83	\$ 83		\$ 88	\$ 88	
Cash and cash equivalents	\$ 1,796	\$ 1,796		\$ 1,928	\$ 1,928	
Accrued investment income	\$ 569	\$ 569		\$ 559	\$ 559	
Premiums, reinsurance and other receivables (2)	\$ 5,987	\$ 6,128		\$ 5,959	\$ 6,164	
Other assets (2)	\$ 998	\$ 998		\$ —	\$ —	
Liabilities:						
Policyholder account balances (2)	\$25,378	\$26,430		\$24,622	\$26,061	
Payables for collateral under securities loaned and other transactions	\$ 7,718	\$ 7,718		\$ 8,103	\$ 8,103	
Long-term debt (4)	\$ 795	\$ 945		\$ 795	\$ 930	
Other liabilities (2)	\$ 555	\$ 555		\$ 294	\$ 294	
Separate account liabilities (2)	\$ 1,442	\$ 1,442		\$ 1,407	\$ 1,407	
Commitments: (5)						
Mortgage loan commitments	\$281	\$ —	\$ —	\$270	\$ —	\$ (2)
Commitments to fund bank credit facilities, bridge loans and private corporate bond investments	\$238	\$ —	\$ (8)	\$315	\$ —	\$ (12)

- (1) Mortgage loans as presented in the table above differs from the amounts presented in the consolidated balance sheets because this table does not include commercial mortgage loans held by CSEs.
- (2) Carrying values presented herein differ from those presented in the consolidated balance sheets because certain items within the respective financial statement caption are not considered financial instruments. Financial statement captions excluded from the table above are not considered financial instruments.
- (3) Short-term investments as presented in the table above differ from the amounts presented in the consolidated balance sheets because this table does not include short-term investments that meet the definition of a security, which are measured at estimated fair value on a recurring basis.
- (4) Long-term debt as presented in the table above differs from the amounts presented in the consolidated balance sheets because this table does not include long-term debt of CSEs.
- (5) Commitments are off-balance sheet obligations. Negative estimated fair values represent off-balance sheet liabilities.

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The methods and assumptions used to estimate the fair value of financial instruments are summarized as follows:

The assets and liabilities measured at estimated fair value on a recurring basis include: fixed maturity securities, equity securities, other securities, certain short-term investments, mortgage loans held by CSEs, derivative assets and liabilities, net embedded derivatives within asset and liability host contracts, separate account assets and long-term debt of CSEs. These assets and liabilities are described in the section “— Recurring Fair Value Measurements” and, therefore, are excluded from the table above. The estimated fair value for these financial instruments approximates carrying value.

Mortgage Loans

The Company originates mortgage loans principally for investment purposes. These loans are principally carried at amortized cost. The estimated fair value of mortgage loans is primarily determined by estimating expected future cash flows and discounting them using current interest rates for similar mortgage loans with similar credit risk.

Policy Loans

For policy loans with fixed interest rates, estimated fair values are determined using a discounted cash flow model applied to groups of similar policy loans determined by the nature of the underlying insurance liabilities. Cash flow estimates are developed applying a weighted-average interest rate to the outstanding principal balance of the respective group of policy loans and an estimated average maturity determined through experience studies of the past performance of policyholder repayment behavior for similar loans. These cash flows are discounted using current risk-free interest rates with no adjustment for borrower credit risk, as these loans are fully collateralized by the cash surrender value of the underlying insurance policy. The estimated fair value for policy loans with variable interest rates approximates carrying value due to the absence of borrower credit risk and the short time period between interest rate resets, which presents minimal risk of a material change in estimated fair value due to changes in market interest rates.

Real Estate Joint Ventures and Other Limited Partnership Interests

Real estate joint ventures and other limited partnership interests included in the preceding table consists of those investments accounted for using the cost method. The remaining carrying value recognized in the consolidated balance sheets represents investments in real estate carried at cost less accumulated depreciation, or real estate joint ventures and other limited partnership interests accounted for using the equity method, which do not meet the definition of financial instruments for which fair value is required to be disclosed.

The estimated fair values for real estate joint ventures and other limited partnership interests accounted for under the cost method are generally based on the Company’s share of the NAV as provided in the financial statements of the investees. In certain circumstances, management may adjust the NAV by a premium or discount when it has sufficient evidence to support applying such adjustments.

Short-term Investments

Certain short-term investments do not qualify as securities and are recognized at amortized cost in the consolidated balance sheets. For these instruments, the Company believes that there is minimal risk of material changes in interest rates or credit of the issuer such that estimated fair value approximates carrying value. In light of recent market conditions, short-term investments have been monitored to ensure there is sufficient demand and maintenance of issuer credit quality and the Company has determined additional adjustment is not required.

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Cash and Cash Equivalents

Due to the short-term maturities of cash and cash equivalents, the Company believes there is minimal risk of material changes in interest rates or credit of the issuer such that estimated fair value generally approximates carrying value. In light of recent market conditions, cash and cash equivalent instruments have been monitored to ensure there is sufficient demand and maintenance of issuer credit quality, or sufficient solvency in the case of depository institutions, and the Company has determined additional adjustment is not required.

Accrued Investment Income

Due to the short term until settlement of accrued investment income, the Company believes there is minimal risk of material changes in interest rates or credit of the issuer such that estimated fair value approximates carrying value. In light of recent market conditions, the Company has monitored the credit quality of the issuers and has determined additional adjustment is not required.

Premiums, Reinsurance and Other Receivables

Premiums, reinsurance and other receivables in the preceding table are principally comprised of certain amounts recoverable under reinsurance contracts, amounts on deposit with financial institutions to facilitate daily settlements related to certain derivative positions and amounts receivable for securities sold but not yet settled.

Premiums receivable and those amounts recoverable under reinsurance treaties determined to transfer sufficient risk are not financial instruments subject to disclosure and thus have been excluded from the amounts presented in the preceding table. Amounts recoverable under ceded reinsurance contracts, which the Company has determined do not transfer sufficient risk such that they are accounted for using the deposit method of accounting, have been included in the preceding table. The estimated fair value is determined as the present value of expected future cash flows under the related contracts, which were discounted using an interest rate determined to reflect the appropriate credit standing of the assuming counterparty.

The amounts on deposit for derivative settlements essentially represent the equivalent of demand deposit balances and amounts due for securities sold are generally received over short periods such that the estimated fair value approximates carrying value. In light of recent market conditions, the Company has monitored the solvency position of the financial institutions and has determined additional adjustments are not required.

Other Assets

Other assets in the preceding table is primarily composed of a receivable for funds due but not yet settled and is short-term in nature, and therefore carrying value approximates fair value. The amounts not included in the preceding table are not considered financial instruments subject to disclosure.

Policyholder Account Balances

Policyholder account balances in the table above include investment contracts. Embedded derivatives on investment contracts and certain variable annuity guarantees accounted for as embedded derivatives are included in this caption in the consolidated financial statements but excluded from this caption in the table above as they are separately presented in “— Recurring Fair Value Measurements.” The remaining difference between the amounts reflected as policyholder account balances in the preceding table and those recognized in the consolidated balance sheets represents those amounts due under contracts that satisfy the definition of insurance contracts and are not considered financial instruments.

The investment contracts primarily include certain funding agreements, fixed deferred annuities, modified guaranteed annuities, fixed term payout annuities and total control accounts. The fair values for these investment contracts are estimated by discounting best estimate future cash flows using current market risk-free interest rates and adding a spread to reflect the nonperformance risk in the liability.

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Payables for Collateral Under Securities Loaned and Other Transactions

The estimated fair value for payables for collateral under securities loaned and other transactions approximates carrying value. The related agreements to loan securities are short-term in nature such that the Company believes there is limited risk of a material change in market interest rates. Additionally, because borrowers are cross-collateralized by the borrowed securities, the Company believes no additional consideration for changes in nonperformance risk are necessary.

Long-term Debt

The estimated fair value of long-term debt is generally determined by discounting expected future cash flows using market rates currently available for debt with similar terms, remaining maturities and reflecting the credit risk of the Company, including inputs when available, from actively traded debt of other companies with similar types of borrowing arrangements. Risk-adjusted discount rates applied to the expected future cash flows can vary significantly based upon the specific terms of each individual arrangement, including, but not limited to: contractual interest rates in relation to current market rates; the structuring of the arrangement; and the nature and observability of the applicable valuation inputs. Use of different risk-adjusted discount rates could result in different estimated fair values.

Other Liabilities

Other liabilities included in the table above reflects those other liabilities that satisfy the definition of financial instruments subject to disclosure. These items consist primarily of interest payable; amounts due for securities purchased but not yet settled; and funds withheld under reinsurance treaties accounted for as deposit type treaties. The Company evaluates the specific terms, facts and circumstances of each instrument to determine the appropriate estimated fair values, which were not materially different from the carrying values.

Separate Account Liabilities

Separate account liabilities included in the preceding table represents those balances due to policyholders under contracts that are classified as investment contracts. The remaining amounts presented in the consolidated balance sheets represent those contracts classified as insurance contracts, which do not satisfy the definition of financial instruments.

Separate account liabilities classified as investment contracts primarily represent variable annuities with no significant mortality risk to the Company such that the death benefit is equal to the account balance and certain contracts that provide for benefit funding.

Separate account liabilities are recognized in the consolidated balance sheets at an equivalent value of the related separate account assets. Separate account assets, which equal net deposits, net investment income and realized and unrealized investment gains and losses, are fully offset by corresponding amounts credited to the contractholders' liability which is reflected in separate account liabilities. Since separate account liabilities are fully funded by cash flows from the separate account assets which are recognized at estimated fair value as described in the section "— Recurring Fair Value Measurements," the Company believes the value of those assets approximates the estimated fair value of the related separate account liabilities.

Mortgage Loan Commitments and Commitments to Fund Bank Credit Facilities, Bridge Loans and Private Corporate Bond Investments

The estimated fair values for mortgage loan commitments that will be held for investment and commitments to fund bank credit facilities, bridge loans and private corporate bonds that will be held for investment reflected in the above table represents the difference between the discounted expected future cash flows using interest rates that incorporate current credit risk for similar instruments on the reporting date and the principal amounts of the commitments.

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5. Contingencies, Commitments and Guarantees

Contingencies

Litigation

The Company is a defendant in a number of litigation matters. In some of the matters, large and/or indeterminate amounts, including punitive and treble damages, are sought. Modern pleading practice in the U.S. permits considerable variation in the assertion of monetary damages or other relief. Jurisdictions may permit claimants not to specify the monetary damages sought or may permit claimants to state only that the amount sought is sufficient to invoke the jurisdiction of the trial court. In addition, jurisdictions may permit plaintiffs to allege monetary damages in amounts well exceeding reasonably possible verdicts in the jurisdiction for similar matters. This variability in pleadings, together with the actual experience of the Company in litigating or resolving through settlement numerous claims over an extended period of time, demonstrates to management that the monetary relief which may be specified in a lawsuit or claim bears little relevance to its merits or disposition value.

Due to the vagaries of litigation, the outcome of a litigation matter and the amount or range of potential loss at particular points in time may normally be difficult to ascertain. Uncertainties can include how fact finders will evaluate documentary evidence and the credibility and effectiveness of witness testimony, and how trial and appellate courts will apply the law in the context of the pleadings or evidence presented, whether by motion practice, or at trial or on appeal. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will themselves view the relevant evidence and applicable law.

On a quarterly and annual basis, the Company reviews relevant information with respect to litigation and contingencies to be reflected in the Company's consolidated financial statements. The review includes senior legal and financial personnel. Estimates of possible losses or ranges of loss for particular matters cannot in the ordinary course be made with a reasonable degree of certainty. Liabilities are established when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. It is possible that some of the matters could require the Company to pay damages or make other expenditures or establish accruals in amounts that could not be estimated at March 31, 2011.

Sales Practices Claims. Over the past several years, the Company has faced claims, including class action lawsuits, alleging improper marketing or sales of individual life insurance policies, annuities, mutual funds or other products. Some of the current cases seek substantial damages, including punitive and treble damages and attorneys' fees. The Company continues to vigorously defend against the claims in all pending matters. The Company believes adequate provision has been made in its financial statements for all probable and reasonably estimable losses for sales practices matters.

Retained Asset Account Matters. The New York Attorney General announced on July 29, 2010 that his office had launched a major fraud investigation into the life insurance industry for practices related to the use of retained asset accounts as a settlement option for death benefits and that subpoenas requesting comprehensive data related to retained asset accounts had been served on MetLife, Inc. and other insurance carriers. MetLife, Inc. received the subpoena on July 30, 2010. Metropolitan Life Insurance Company and its affiliates have received requests for documents and information from U.S. congressional committees and members as well as various state regulatory bodies, including the New York Insurance Department. It is possible that other state and federal regulators or legislative bodies may pursue similar investigations or make related inquiries. Management cannot predict what effect any such investigations might have on the Company's earnings or the availability of the Company's retained asset account known as the Total Control Account ("TCA"), but management believes that the Company's financial statements taken as a whole would not be materially affected. Management believes that any allegations that information about the TCA is not adequately disclosed or that the accounts are fraudulent or otherwise violate state or federal laws are without merit.

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Connecticut General Life Insurance Company and MetLife Insurance Company of Connecticut are engaged in an arbitration proceeding to determine whether MetLife Insurance Company of Connecticut is required to refund several million dollars it collected and/or to stop submitting certain claims under reinsurance contracts in which Connecticut General Life Insurance Company reinsured death benefits payable under certain MetLife Insurance Company of Connecticut annuities.

A former Tower Square financial services representative is alleged to have misappropriated funds from customers. The Illinois Securities Division, the U.S. Postal Inspector, the Internal Revenue Service, FINRA and the U.S. Attorney's Office have conducted inquiries. Tower Square has made remediation to all the affected customers. The Illinois Securities Division has issued a Statement of Violations to Tower Square, and Tower Square is conducting discussions with the Illinois Securities Division.

Various litigation, claims and assessments against the Company, in addition to those discussed previously and those otherwise provided for in the Company's consolidated financial statements, have arisen in the course of the Company's business, including, but not limited to, in connection with its activities as an insurer, employer, investor, investment advisor and taxpayer. Further, state insurance regulatory authorities and other federal and state authorities regularly make inquiries and conduct investigations concerning the Company's compliance with applicable insurance and other laws and regulations.

It is not possible to predict the ultimate outcome or provide reasonable ranges of potential losses of all pending investigations and legal proceedings. In some of the matters referred to previously, large and/or indeterminate amounts, including punitive and treble damages, are sought. Although, in light of these considerations it is possible that an adverse outcome in certain cases could have a material adverse effect upon the Company's financial position, based on information currently known by the Company's management, in its opinion, the outcomes of such pending investigations and legal proceedings are not likely to have such an effect. However, given the large and/or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material adverse effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods.

Commitments

Commitments to Fund Partnership Investments

The Company makes commitments to fund partnership investments in the normal course of business. The amounts of these unfunded commitments were \$1.2 billion at both March 31, 2011 and December 31, 2010. The Company anticipates that these amounts will be invested in partnerships over the next five years.

Mortgage Loan Commitments

The Company commits to lend funds under mortgage loan commitments. The amounts of these mortgage loan commitments were \$281 million and \$270 million at March 31, 2011 and December 31, 2010, respectively.

Commitments to Fund Bank Credit Facilities, Bridge Loans and Private Corporate Bond Investments

The Company commits to lend funds under bank credit facilities, bridge loans and private corporate bond investments. The amounts of these unfunded commitments were \$238 million and \$315 million at March 31, 2011 and December 31, 2010, respectively.

Other Commitments

The Company has entered into collateral arrangements with affiliates, which require the transfer of collateral in connection with secured demand notes. At March 31, 2011 and December 31, 2010, the Company had agreed to

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fund up to \$95 million and \$114 million, respectively, of cash upon the request by these affiliates and had transferred collateral consisting of various securities with a fair market value of \$117 million and \$144 million, respectively, to custody accounts to secure the notes. Each of these affiliates is permitted by contract to sell or repledge this collateral.

Guarantees

The Company has provided a guarantee on behalf of MetLife International Insurance Company, Ltd. (“MLII”), a former affiliate, that is triggered if MLII cannot pay claims because of insolvency, liquidation or rehabilitation. Life insurance coverage in-force, representing the maximum potential obligation under this guarantee, was \$297 million at both March 31, 2011 and December 31, 2010. The Company does not hold any collateral related to this guarantee, but has a recorded liability of \$1 million that was based on the total account value of the guaranteed policies plus the amounts retained per policy at both March 31, 2011 and December 31, 2010. The remainder of the risk was ceded to external reinsurers.

6. Other Expenses

Information on other expenses was as follows:

	Three Months Ended March 31,	
	2011	2010
	(In millions)	
Compensation	\$ 75	\$ 44
Commissions	306	220
Volume-related costs	38	60
Affiliated interest costs on ceded reinsurance	54	33
Capitalization of DAC	(310)	(230)
Amortization of DAC and VOBA	117	64
Interest expense on debt and debt issue costs	110	120
Premium taxes, licenses & fees	15	10
Professional services	9	4
Rent	7	1
Other	83	93
Total other expenses	<u>\$ 504</u>	<u>\$ 419</u>

Interest Expense on Debt and Debt Issue Costs

Interest expense on debt and debt issue costs includes interest expense related to CSEs of \$93 million and \$103 million for the three months ended March 31, 2011 and 2010, respectively. See Note 2.

Affiliated Expenses

See Note 8 for a discussion of affiliated expenses included in the table above.

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7. Business Segment Information

The Company's business is currently divided into three segments: Retirement Products, Corporate Benefit Funding and Insurance Products. In addition, the Company reports certain of its results of operations in Corporate & Other.

Retirement Products offers asset accumulation and income products, including a wide variety of annuities. Corporate Benefit Funding offers pension risk solutions, structured settlements, stable value and investment products and other benefit funding products. Insurance Products offers a broad range of protection products and services to individuals and corporations, as well as other institutions and their respective employees, and is organized into two distinct businesses: Individual Life and Non-Medical Health. Individual Life insurance products and services include variable life, universal life, term life and whole life products. Non-Medical Health includes individual disability insurance products.

Corporate & Other contains the excess capital not allocated to the segments, various domestic and international start-up entities and run-off business, the Company's ancillary international operations, interest expense related to the majority of the Company's outstanding debt and expenses associated with certain legal proceedings and income tax audit issues. Corporate & Other also includes the elimination of intersegment amounts.

Operating earnings is the measure of segment profit or loss the Company uses to evaluate segment performance and allocate resources. Consistent with GAAP accounting guidance for segment reporting, it is the Company's measure of segment performance reported below. Operating earnings should not be viewed as a substitute for GAAP net income (loss). The Company believes the presentation of operating earnings herein as the Company measures it for management purposes enhances the understanding of its performance by highlighting the results from operations and the underlying profitability drivers of the business.

Operating earnings is defined as operating revenues less operating expenses, both net of income tax.

Operating revenues exclude net investment gains (losses) and net derivative gains (losses). The following additional adjustments are made to GAAP revenues, in the line items indicated, in calculating operating revenues:

- Universal life and investment-type product policy fees exclude the amortization of unearned revenue related to net investment gains (losses) and net derivative gains (losses) and certain variable annuity GMIB fees ("GMIB Fees"); and
- Net investment income: (i) includes amounts for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of investments but do not qualify for hedge accounting treatment, (ii) excludes certain amounts related to contractholder-directed unit-linked investments and (iii) excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP.

The following adjustments are made to GAAP expenses, in the line items indicated, in calculating operating expenses:

- Policyholder benefits and claims exclude (i) amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets, (ii) benefits and hedging costs related to GMIBs ("GMIB Costs") and (iii) market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments");
- Interest credited to policyholder account balances includes adjustments for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of policyholder account balances but do not qualify for hedge accounting treatment and amounts related to net investment income earned on contractholder-directed unit-linked investments;

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- Amortization of DAC and value of business acquired (“VOBA”) exclude amounts related to (i) net investment gains (losses) and net derivative gains (losses), (ii) GMIB Fees and GMIB Costs, and (iii) Market Value Adjustments; and
- Interest expense on debt excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP.

In the first quarter of 2011, management modified its definition of operating earnings to exclude impacts related to certain variable annuity guarantees and Market Value Adjustments to better conform to the way it manages and assesses its business. As a result, such product results are no longer reported in operating earnings. Accordingly, prior period results for Retirement Products and total consolidated operating earnings have been reduced by \$6 million, net of \$3 million of income tax expense, for the three months ended March 31, 2010.

Set forth in the tables below is certain financial information with respect to the Company’s segments, as well as Corporate & Other for the three months ended March 31, 2011 and 2010. The accounting policies of the segments are the same as those of the Company, except for the method of capital allocation and the accounting for gains (losses) from intercompany sales, which are eliminated in consolidation.

Economic capital is an internally developed risk capital model, the purpose of which is to measure the risk in the business and to provide a basis upon which capital is deployed. The economic capital model accounts for the unique and specific nature of the risks inherent in MetLife’s business.

Effective January 1, 2011, MetLife updated its economic capital model to align segment allocated equity with emerging standards and consistent risk principles. Such changes to MetLife’s economic capital model are applied prospectively. Segment net investment income is also credited or charged based on the level of allocated equity; however, changes in allocated equity do not impact the Company’s consolidated net investment income, operating earnings or net income.

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Three Months Ended March 31, 2011	Operating Earnings				Total	Adjustments	Total Consolidated
	Retirement Products	Corporate Benefit Funding	Insurance Products	Corporate & Other (In millions)			
Revenues							
Premiums	\$ 30	\$ 62	\$ 44	\$ —	\$ 136	\$ —	\$ 136
Universal life and investment-type product policy fees	273	11	144	7	435	20	455
Net investment income	206	298	156	48	708	80	788
Other revenues	97	1	32	—	130	—	130
Net investment gains (losses)	—	—	—	—	—	(14)	(14)
Net derivative gains (losses)	—	—	—	—	—	(156)	(156)
Total revenues	606	372	376	55	1,409	(70)	1,339
Expenses							
Policyholder benefits and claims	63	188	69	—	320	7	327
Interest credited to policyholder account balances	180	50	60	—	290	(3)	287
Capitalization of DAC	(191)	(5)	(101)	(13)	(310)	—	(310)
Amortization of DAC and VOBA	110	1	71	2	184	(67)	117
Interest expense on debt	—	—	—	17	17	93	110
Other expenses	308	16	233	30	587	—	587
Total expenses	470	250	332	36	1,088	30	1,118
Provision for income tax expense (benefit)	47	43	16	(11)	95	(34)	61
Operating earnings	\$ 89	\$ 79	\$ 28	\$ 30	226		
Adjustments to:							
Total revenues					(70)		
Total expenses					(30)		
Provision for income tax (expense) benefit					34		
Net income					\$ 160		\$ 160

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Three Months Ended March 31, 2010	Operating Earnings				Total	Adjustments	Total Consolidated
	Retirement Products	Corporate Benefit Funding	Insurance Products	Corporate & Other (In millions)			
Revenues							
Premiums	\$ 58	\$ 371	\$ 28	\$ (2)	\$ 455	\$ —	\$ 455
Universal life and investment-type product policy fees	208	8	130	5	351	18	369
Net investment income	229	269	114	83	695	95	790
Other revenues	76	1	33	—	110	—	110
Net investment gains (losses)	—	—	—	—	—	37	37
Net derivative gains (losses)	—	—	—	—	—	(308)	(308)
Total revenues	571	649	305	86	1,611	(158)	1,453
Expenses							
Policyholder benefits and claims	86	499	84	1	670	24	694
Interest credited to policyholder account balances	182	45	58	45	330	(14)	316
Capitalization of DAC	(120)	(1)	(98)	(11)	(230)	—	(230)
Amortization of DAC and VOBA	92	—	71	1	164	(100)	64
Interest expense on debt	—	—	—	17	17	103	120
Other expenses	219	9	208	29	465	—	465
Total expenses	459	552	323	82	1,416	13	1,429
Provision for income tax expense (benefit)	39	34	(7)	(14)	52	(60)	(8)
Operating earnings	\$ 73	\$ 63	\$ (11)	\$ 18	143		
Adjustments to:							
Total revenues					(158)		
Total expenses					(13)		
Provision for income tax (expense) benefit					60		
Net income					\$ 32		\$ 32

The following table presents total assets with respect to the Company's segments, as well as Corporate & Other, at:

	March 31, 2011	December 31, 2010
	(In millions)	
Retirement Products	\$ 90,208	\$ 87,461
Corporate Benefit Funding	31,533	30,491
Insurance Products	17,768	16,296
Corporate & Other	21,037	20,637
Total	\$ 160,546	\$ 154,885

Net investment income is based upon the actual results of each segment's specifically identifiable asset portfolio adjusted for allocated equity. Other costs are allocated to each of the segments based upon: (i) a review of

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the nature of such costs; (ii) time studies analyzing the amount of employee compensation costs incurred by each segment; and (iii) cost estimates included in the Company's product pricing.

Operating revenues derived from any customer did not exceed 10% of consolidated operating revenues for the three months ended March 31, 2011 and 2010. Operating revenues from U.S. operations were \$1.3 billion and \$1.2 billion for the three months ended March 31, 2011 and 2010, respectively, which represented 94% and 74%, respectively, of consolidated operating revenues.

8. Related Party Transactions

Service Agreements

The Company has entered into various agreements with affiliates for services necessary to conduct its activities. Typical services provided under these agreements include management, policy administrative functions, personnel, investment advice and distribution services. For certain of the agreements, charges are based on various performance measures or activity-based costing. The bases for such charges are modified and adjusted by management when necessary or appropriate to reflect fairly and equitably the actual incidence of cost incurred by the Company and/or affiliate. Expenses and fees incurred with affiliates related to these agreements, recorded in other expenses, were \$377 million and \$298 million for the three months ended March 31, 2011 and 2010, respectively. The aforementioned expenses and fees incurred with affiliates were comprised of the following:

	Three Months Ended March 31,	
	2011	2010
	(In millions)	
Compensation	\$ 63	\$ 36
Commissions	185	123
Volume-related costs	48	67
Professional services	4	—
Rent	6	—
Other	71	72
Total other expenses	<u>\$377</u>	<u>\$298</u>

Revenues received from affiliates related to these agreements were recorded as follows:

	Three Months Ended March 31,	
	2011	2010
	(In millions)	
Universal life and investment-type product policy fees	\$33	\$26
Other revenues	\$31	\$23

The Company had net receivables from affiliates of \$83 million and \$60 million at March 31, 2011 and December 31, 2010, respectively, related to the items discussed above. These amounts exclude affiliated reinsurance balances discussed below. See Note 2 for expenses related to investment advice under these agreements, recorded in net investment income.

Reinsurance Transactions

The Company has reinsurance agreements with certain MetLife subsidiaries, including Metropolitan Life Insurance Company, MetLife Reinsurance Company of South Carolina, Exeter Reassurance Company, Ltd.,

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General American Life Insurance Company, MetLife Investors Insurance Company and MetLife Reinsurance Company of Vermont, all of which are related parties.

Information regarding the effect of affiliated reinsurance included in the interim condensed consolidated statements of operations was as follows:

	Three Months Ended March 31,	
	2011	2010
	(In millions)	
Premiums:		
Reinsurance assumed	\$ (2)	\$ 4
Reinsurance ceded	(54)	(59)
Net premiums	<u>\$ (56)</u>	<u>\$(55)</u>
Universal life and investment-type product policy fees:		
Reinsurance assumed	\$ 20	\$ 11
Reinsurance ceded	(91)	(61)
Net universal life and investment-type product policy fees	<u>\$ (71)</u>	<u>\$(50)</u>
Other revenues:		
Reinsurance assumed	\$ —	\$ —
Reinsurance ceded	80	74
Net other revenues	<u>\$ 80</u>	<u>\$ 74</u>
Policyholder benefits and claims:		
Reinsurance assumed	\$ 3	\$ 1
Reinsurance ceded	(115)	(84)
Net policyholder benefits and claims	<u>\$(112)</u>	<u>\$(83)</u>
Interest credited to policyholder account balances:		
Reinsurance assumed	\$ 16	\$ 15
Reinsurance ceded	(18)	(12)
Net interest credited to policyholder account balances	<u>\$ (2)</u>	<u>\$ 3</u>
Other expenses:		
Reinsurance assumed	\$ 15	\$ 12
Reinsurance ceded	45	24
Net other expenses	<u>\$ 60</u>	<u>\$ 36</u>

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Information regarding the effect of affiliated reinsurance included in the consolidated balance sheets was as follows at:

	<u>March 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Assumed</u>	<u>Ceded</u>	<u>Assumed</u>	<u>Ceded</u>
	(In millions)			
Assets:				
Premiums, reinsurance and other receivables	\$ 32	\$9,265	\$ 40	\$9,826
Deferred policy acquisition costs and value of business acquired	158	(487)	164	(484)
Total assets	<u>\$ 190</u>	<u>\$8,778</u>	<u>\$ 204</u>	<u>\$9,342</u>
Liabilities:				
Future policy benefits	\$ 42	\$ —	\$ 41	\$ —
Other policy-related balances	1,449	542	1,435	508
Other liabilities	16	2,914	12	3,200
Total liabilities	<u>\$ 1,507</u>	<u>\$3,456</u>	<u>\$ 1,488</u>	<u>\$3,708</u>

The Company ceded risks to affiliates related to guaranteed minimum benefit guarantees written directly by the Company through December 31, 2010. These ceded reinsurance agreements contain embedded derivatives and changes in their fair value are also included within net derivative gains (losses). The embedded derivatives associated with the cessions are included within premiums, reinsurance and other receivables and were assets of \$563 million and \$936 million at March 31, 2011 and December 31, 2010, respectively. For the three months ended March 31, 2011 and 2010, net derivative gains (losses) included (\$443) million and (\$366) million, respectively, in changes in fair value of such embedded derivatives.

MLI-USA cedes two blocks of business to an affiliate on a 90% coinsurance with funds withheld basis. Certain contractual features of this agreement qualify as embedded derivatives, which are separately accounted for at estimated fair value on the Company's consolidated balance sheet. The embedded derivative related to the funds withheld associated with this reinsurance agreement is included within other liabilities and decreased the funds withheld balance by \$20 million at March 31, 2011, and increased the funds withheld balance by \$5 million at December 31, 2010. The changes in fair value of the embedded derivatives, included in net derivative gains (losses), were \$25 million and (\$9) million for the three months ended March 31, 2011 and 2010, respectively. The reinsurance agreement also includes an experience refund provision, whereby some or all of the profits on the underlying reinsurance agreement are returned to MLI-USA from the affiliated reinsurer during the first several years of the reinsurance agreement. The experience refund reduced the funds withheld by MLI-USA from the affiliated reinsurer by \$49 million and \$53 million for the three months ended March 31, 2011 and 2010, respectively, and are considered unearned revenue, amortized over the life of the contract using the same assumptions as used for the DAC associated with the underlying policies. Amortization and interest of the unearned revenue associated with the experience refund was \$16 million and \$23 million for the three months ended March 31, 2011 and 2010, respectively, and is included in premiums and universal life and investment-type product policy fees in the consolidated statements of operations. At March 31, 2011 and December 31, 2010, unearned revenue related to the experience refund was \$593 million and \$560 million, respectively, and is included in other policy-related balances in the interim condensed consolidated balance sheets.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

For purposes of this discussion, "MICC," the "Company," "we," "our" and "us" refer to MetLife Insurance Company of Connecticut, a Connecticut corporation incorporated in 1863, and its subsidiaries, including MetLife Investors USA Insurance Company ("MLI-USA"). MetLife Insurance Company of Connecticut is a subsidiary of MetLife, Inc. ("MetLife"). Management's narrative analysis of the results of operations is presented pursuant to General Instruction H(2)(a) of Form 10-Q. This narrative analysis should be read in conjunction with MetLife Insurance Company of Connecticut's Annual Report on Form 10-K for the year ended December 31, 2010 ("2010 Annual Report"), filed with the U.S. Securities and Exchange Commission ("SEC"), the forward-looking statement information included below, the "Risk Factors" set forth in Part II, Item 1A, and the additional risk factors referred to therein, and the Company's interim condensed consolidated financial statements included elsewhere herein.

This Management's Discussion and Analysis of Financial Condition and Results of Operations may contain or incorporate by reference information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe" and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results. Any or all forward-looking statements may turn out to be wrong. Actual results could differ materially from those expressed or implied in the forward-looking statements. See "Note Regarding Forward-Looking Statements."

The following discussion includes references to our performance measure operating earnings that is not based on accounting principles generally accepted in the United States of America ("GAAP"). Operating earnings is the measure of segment profit or loss we use to evaluate segment performance and allocate resources. Consistent with GAAP accounting guidance for segment reporting, it is our measure of segment performance.

Operating earnings is defined as operating revenues less operating expenses, both net of income tax.

Operating revenues exclude net investment gains (losses) and net derivative gains (losses). The following additional adjustments are made to GAAP revenues, in the line items indicated, in calculating operating revenues:

- Universal life and investment-type product policy fees exclude the amortization of unearned revenue related to net investment gains (losses) and net derivative gains (losses) and certain variable annuity guaranteed minimum income benefits ("GMIB") fees ("GMIB Fees"); and
- Net investment income: (i) includes amounts for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of investments but do not qualify for hedge accounting treatment, (ii) excludes certain amounts related to contractholder-directed unit-linked investments and (iii) excludes certain amounts related to securitization entities that are variable interest entities ("VIEs") consolidated under GAAP.

The following adjustments are made to GAAP expenses, in the line items indicated, in calculating operating expenses:

- Policyholder benefits and claims exclude (i) amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets, (ii) benefits and hedging costs related to GMIBs ("GMIB Costs") and (iii) market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments");
- Interest credited to policyholder account balances includes adjustments for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of policyholder account balances but do not qualify for hedge accounting treatment and amounts related to net investment income earned on contractholder-directed unit-linked investments;

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- Amortization of deferred policy acquisition costs (“DAC”) and value of business acquired (“VOBA”) exclude amounts related to (i) net investment gains (losses) and net derivative gains (losses), (ii) GMIB Fees and GMIB Costs, and (iii) Market Value Adjustments; and
- Interest expense on debt excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP.

We believe the presentation of operating earnings, as we measure it for management purposes enhances the understanding of our performance by highlighting the results of operations and the underlying profitability drivers of our business. Operating revenues, operating expenses and operating earnings should not be viewed as a substitute for GAAP revenues, GAAP expenses and GAAP net income (loss), respectively. These reconciliations to the most directly comparable GAAP measures, are included in “— Results of Operations.”

In the first quarter of 2011, management modified its definition of operating earnings to exclude impacts related to certain variable annuity guarantees and Market Value Adjustments to better conform to the way it manages and assesses its business. As a result, such product results are no longer reported in operating earnings. Accordingly, prior period results for Retirement Products and total consolidated operating earnings have been reduced by \$6 million, net of \$3 million of income tax expense, for the three months ended March 31, 2010.

In this discussion, we sometimes refer to sales activity for various products. These sales statistics do not correspond to revenues under GAAP, but are used as relevant measures of business activity.

Business

The Company’s business is currently divided into three segments: Retirement Products, Corporate Benefit Funding and Insurance Products. In addition, the Company reports certain of its results of operations in Corporate & Other.

Retirement Products offers asset accumulation and income products, including a wide variety of annuities. Corporate Benefit Funding offers pension risk solutions, structured settlements, stable value and investment products and other benefit funding products. Insurance Products offers a broad range of protection products and services to individuals and corporations, as well as other institutions and their respective employees, and is organized into two distinct businesses: Individual Life and Non-Medical Health. Individual Life insurance products and services include variable life, universal life, term life and whole life products. Non-Medical Health includes individual disability insurance products.

Corporate & Other contains the excess capital not allocated to the segments, various domestic and international start-up entities and run-off business, the Company’s ancillary international operations, interest expense related to the majority of the Company’s outstanding debt and expenses associated with certain legal proceedings and income tax audit issues. Corporate & Other also includes the elimination of intersegment amounts.

Summary of Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported in the interim condensed consolidated financial statements. The most critical estimates include those used in determining:

- (i) the estimated fair value of investments in the absence of quoted market values;
- (ii) investment impairments;
- (iii) the recognition of income on certain investment entities and the application of the consolidation rules to certain investments;
- (iv) the estimated fair value of and accounting for freestanding derivatives and the existence and estimated fair value of embedded derivatives requiring bifurcation;
- (v) the capitalization and amortization of DAC and the establishment and amortization of VOBA;
- (vi) the measurement of goodwill and related impairment, if any;

- (vii) the liability for future policyholder benefits and the accounting for reinsurance contracts;
- (viii) accounting for income taxes and the valuation of deferred tax assets; and
- (ix) the liability for litigation and regulatory matters.

In applying the Company's accounting policies, we make subjective and complex judgments that frequently require estimates about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to the Company's business and operations. Actual results could differ from these estimates.

The above critical accounting estimates are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates" in the 2010 Annual Report and Note 1 of the Notes to the Consolidated Financial Statements in the 2010 Annual Report.

Economic Capital

Economic capital is an internally developed risk capital model, the purpose of which is to measure the risk in the business and to provide a basis upon which capital is deployed. The economic capital model accounts for the unique and specific nature of the risks inherent in MetLife's business.

Effective January 1, 2011, MetLife updated its economic capital model to align segment allocated equity with emerging standards and consistent risk principles. Such changes to MetLife's economic capital model are applied prospectively. Segment net investment income is also credited or charged based on the level of allocated equity; however, changes in allocated equity do not impact the Company's consolidated net investment income, operating earnings or net income.

Results of Operations

Three Months Ended March 31, 2011 Compared with the Three Months Ended March 31, 2010

We have experienced growth and an increase in market share in several of our businesses, which, together with improved overall market conditions compared to conditions in the prior period, positively impacted our results most significantly through increased net cash flows and higher policy fee income. Sales of our annuity products were up 47%, driven by an increase in variable annuity sales compared with the prior period. We also benefited in the current quarter from strong sales of funding agreements. Although market penetration continues in our pension closeout business in the United Kingdom, the number of sold cases decreased, resulting in a decrease in premiums in the current period of \$305 million, before income tax. Premiums associated with the closeout business can vary significantly from period to period. While we experienced growth in our traditional life business, sustained high levels of unemployment and a challenging pricing environment continue to depress growth across our group insurance businesses.

	Three Months Ended March 31,		Change	% Change
	2011	2010 (In millions)		
Revenues				
Premiums	\$ 136	\$ 455	\$ (319)	(70.1)%
Universal life and investment-type product policy fees	455	369	86	23.3%
Net investment income	788	790	(2)	(0.3)%
Other revenues	130	110	20	18.2%
Net investment gains (losses)	(14)	37	(51)	(137.8)%
Net derivative gains (losses)	(156)	(308)	152	49.4%
Total revenues	<u>1,339</u>	<u>1,453</u>	<u>(114)</u>	<u>(7.8)%</u>
Expenses				
Policyholder benefits and claims	327	694	(367)	(52.9)%
Interest credited to policyholder account balances	287	316	(29)	(9.2)%
Capitalization of DAC	(310)	(230)	(80)	(34.8)%
Amortization of DAC and VOBA	117	64	53	82.8%
Interest expense on debt	110	120	(10)	(8.3)%
Other expenses	587	465	122	26.2%
Total expenses	<u>1,118</u>	<u>1,429</u>	<u>(311)</u>	<u>(21.8)%</u>
Income (loss) before provision for income tax	221	24	197	820.8%
Provision for income tax expense (benefit)	61	(8)	69	862.5%
Net income	<u>\$ 160</u>	<u>\$ 32</u>	<u>\$ 128</u>	<u>400.0%</u>

Unless otherwise stated, all amounts discussed below are net of income tax.

During the three months ended March 31, 2011, net income increased \$128 million to \$160 million from \$32 million in the comparable 2010 period. The change was predominantly due to an \$83 million increase in operating earnings and increased investment losses and derivative gains, net of related adjustments, principally associated with DAC and VOBA amortization.

We manage our investment portfolio using disciplined Asset/Liability Management (“ALM”) principles, focusing on cash flow and duration to support our current and future liabilities. Our intent is to match the timing and amount of liability cash outflows with invested assets that have cash inflows of comparable timing and amount, while optimizing, net of income tax, risk-adjusted net investment income and risk-adjusted total return. Our investment portfolio is heavily weighted toward fixed income investments, with over 80% of our portfolio invested in fixed maturity securities and mortgage loans. These securities and loans have varying maturities and other characteristics which cause them to be generally well suited for matching the cash flow and duration of insurance liabilities. Other invested asset classes including, but not limited to, equity securities, other limited partnership interests and real estate and real estate joint ventures provide additional diversification and opportunity for long-term yield enhancement in addition to supporting the cash flow and duration objectives of our investment portfolio. We also use derivatives as an integral part of our management of the investment portfolio to hedge certain risks, including changes in interest rates, foreign currencies, credit spreads and equity market levels. Additional considerations for our investment portfolio include current and expected market conditions and expectations for changes within our specific mix of products and business segments. In addition, the general account investment portfolio includes within other securities, contractholder-directed investments supporting unit-linked variable annuity type liabilities, which do not qualify as separate account assets. The returns on these investments, which can

vary significantly period to period, include changes in estimated fair value subsequent to purchase, inure to contractholders and are offset in earnings by a corresponding change in policyholder account balances through interest credited to policyholder account balances.

The composition of the investment portfolio of each business segment is tailored to the specific characteristics of its insurance liabilities, causing certain portfolios to be shorter in duration and others to be longer in duration. Accordingly, certain portfolios are more heavily weighted in longer duration, higher yielding fixed maturity securities, or certain sub-sectors of fixed maturity securities, than other portfolios.

Investments are purchased to support our insurance liabilities and not to generate net investment gains and losses. However, net investment gains and losses are generated and can change significantly from period to period, due to changes in external influences including movements in interest rates, foreign currencies, credit spreads and equity markets, counterparty specific factors such as financial performance, credit rating and collateral valuation, and internal factors such as portfolio rebalancing that can generate gains and losses. As an investor in the fixed income, equity security, mortgage loan and certain other invested asset classes, we are exposed to the above stated risks, which can lead to both impairments and credit-related losses.

We use freestanding interest rate, equity, currency and credit derivatives to provide economic hedges of certain invested assets and insurance liabilities, including embedded derivatives, within certain of our variable annuity minimum benefit guarantees. For those hedges not designated as accounting hedges, changes in market risks can lead to the recognition of fair value changes in net derivative gains (losses) without an offsetting gain or loss recognized in earnings for the item being hedged even though these are effective economic hedges. Additionally, we issue liabilities and purchase assets that contain embedded derivatives whose changes in estimated fair value are sensitive to changes in market risks and are also recognized in net derivative gains (losses).

The favorable variance in net derivative gains (losses) of \$99 million, from losses of \$200 million in the first quarter of 2010 to losses of \$101 million in the comparable 2011 period, was primarily driven by a favorable change in embedded derivatives primarily associated with variable annuity minimum benefit guarantees of \$103 million. This favorable variance was partially offset by an unfavorable change in freestanding derivatives of \$4 million.

The \$4 million unfavorable variance in freestanding derivatives was primarily attributable to rising long-term and mid-term interest rates, partially offset by the positive impact of the weakening of the U.S. dollar, the impact of equity market movements and a smaller decrease in equity volatility in the current period. Rising long-term and mid-term interest rates in the current period compared to falling long-term and mid-term interest rates in the prior period had a negative impact of \$15 million on our interest rate derivatives, \$5 million of which was attributable to hedges of variable annuity minimum benefit guarantee liabilities, that are accounted for as embedded derivatives. The impact of equity market movements and a smaller decrease in equity volatility in the current period compared to the prior period had a positive impact of \$7 million on our equity derivatives. In addition, foreign currency derivatives had a positive impact of \$4 million related to hedges of foreign currency exposures.

Certain variable annuity products with minimum benefit guarantees contain embedded derivatives that are measured at estimated fair value separately from the host variable annuity contract, with changes in estimated fair value reported in net derivative gains (losses). The fair value of these embedded derivatives also includes an adjustment for nonperformance risk. The \$103 million favorable variance in embedded derivatives was primarily attributable to a favorable change in direct variable annuity minimum benefit guarantee liabilities resulting from rising long-term and mid-term interest rates, equity volatility and equity market movements. Rising long-term and mid-term interest rates in the current period compared to falling long-term and mid-term interest rates in the prior period had a positive impact of \$89 million on direct variable annuity minimum benefit guarantee liabilities. The impact of equity market movements and a smaller decrease in equity volatility in the current period compared to the prior period had a negative impact of \$22 million on direct variable annuity minimum benefit guarantee liabilities. In addition, there was a favorable change related to the adjustment for nonperformance risk of \$28 million on the related liabilities. Finally, there was an unfavorable change of \$1 million on ceded reinsurance of certain variable annuity minimum benefit guarantee risks, in addition to an unfavorable change in the adjustment for the reinsurer's nonperformance risk in the current period of \$2 million.

The unfavorable variance in net investment gains (losses) of \$33 million was due primarily to a decrease in foreign currency gains related to foreign denominated guaranteed investment contracts and losses on sales of fixed maturity securities.

As more fully described in the discussion of performance measures above, we use operating earnings, which does not equate to net income (loss) as determined in accordance with GAAP, to analyze our performance, evaluate segment performance, and allocate resources. We believe that the presentation of operating earnings, as we measure it for management purposes, enhances the understanding of our performance by highlighting the results of operations and the underlying profitability drivers of the business. Operating earnings should not be viewed as a substitute for GAAP net income (loss). Operating earnings increased by \$83 million to \$226 million in the first quarter of 2011 from \$143 million in the comparable 2010 period.

Reconciliation of net income to operating earnings

	Three Months Ended March 31,	
	2011	2010
	(In millions)	
Net income	\$ 160	\$ 32
Less: Net investment gains (losses)	(14)	37
Less: Net derivative gains (losses)	(156)	(308)
Less: Other adjustments to net income (1)	70	100
Less: Provision for income tax (expense) benefit	34	60
Operating earnings	<u>\$ 226</u>	<u>\$ 143</u>

(1) See definitions of operating revenues and operating expenses for the components of such adjustments.

Reconciliation of GAAP revenues to operating revenues and GAAP expenses to operating expenses

	Three Months Ended March 31,	
	2011	2010
	(In millions)	
Total revenues	\$1,339	\$1,453
Less: Net investment gains (losses)	(14)	37
Less: Net derivative gains (losses)	(156)	(308)
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	(2)	(1)
Less: Other adjustments to revenues (1)	102	114
Total operating revenues	<u>\$1,409</u>	<u>\$1,611</u>
Total expenses	\$1,118	\$1,429
Less: Adjustments related to net investment gains (losses) and net derivative gains (losses)	(70)	(101)
Less: Other adjustments to expenses (1)	100	114
Total operating expenses	<u>\$1,088</u>	<u>\$1,416</u>

(1) See definitions of operating revenues and operating expenses for the components of such adjustments.

Unless otherwise stated, all amounts discussed below are net of income tax.

The \$83 million increase in operating earnings was primarily driven by the improvement in the financial markets, which was most evident in higher policy fee income, as average separate account balances grew with favorable equity market performance.

The significant increase in average separate account balances was largely attributable to favorable equity market performance resulting from improved market conditions and positive net cash flows from the annuity business. This resulted in higher policy fees and other revenues of \$68 million, most notably in Retirement Products. The improvement in fees was partially offset by greater DAC, VOBA and deferred sales inducements (“DSI”) amortization of \$11 million. Policy fees are typically calculated as a percentage of the average assets in the separate accounts. DAC, VOBA and DSI amortization is based on the earnings of the business, which in the retirement business are derived, in part, from fees earned on separate account balances.

Insurance Products benefited by \$17 million in the first quarter of 2011 from improved mortality in our traditional life business. This benefit was partially offset by an increase in the change in insurance-related liabilities on the variable and universal life products.

The increase in net investment income of \$8 million was due to a \$26 million increase from growth in average invested assets, offset by an \$18 million decrease from lower yields. Growth in the investment portfolio was due to an increase in net cash flows from the majority of our businesses and growth in the securities lending program, which was primarily invested in fixed maturity securities, other limited partnership interests and mortgage loans. Yields were negatively impacted by the effects of lower fixed maturity securities yields due to the reinvestment of proceeds from maturities and sales during this lower interest rate environment and lower other limited partnership interests yields in the current period from a stronger recovery in the private equity markets in the prior period as compared to the current period. These decreases in yield were partially offset by improved yields on real estate joint ventures from the positive effects of the stabilizing real estate markets period over period. Beginning in the fourth quarter of 2010, investment earnings and interest credited related to contractholder-directed unit-linked investments are excluded from operating revenues and operating expenses, as the contractholder, and not the Company, directs the investment of the funds. This change in presentation had no impact on operating earnings; however, it reduced both net investment income and related interest credited on policyholder account balances in the current period.

Other expenses increased by \$79 million, which was mainly attributable to higher variable expenses of \$59 million, such as commissions and premium taxes, a portion of which was offset by DAC capitalization. Additionally, higher market driven expenses of \$13 million, such as letter of credit fees, contributed to this increase.

Adoption of New Accounting Pronouncements

See “Adoption of New Accounting Pronouncements” in Note 1 of the Notes to the Interim Condensed Consolidated Financial Statements.

Future Adoption of New Accounting Pronouncements

See “Future Adoption of New Accounting Pronouncements” in Note 1 of the Notes to the Interim Condensed Consolidated Financial Statements.

Item 4. Controls and Procedures

Management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company’s disclosure controls and procedures as defined in Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended (“Exchange Act”), as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

There were no changes to the Company’s internal control over financial reporting as defined in Exchange Act Rule 15d-15(f) during the three months ended March 31, 2011 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Part II — Other Information

Item 1. Legal Proceedings

The following should be read in conjunction with (i) Part I, Item 3, of MetLife Insurance Company of Connecticut's Annual Report on Form 10-K for the year ended December 31, 2010 (the "2010 Annual Report"), filed with the U.S. Securities and Exchange Commission ("SEC"); and (ii) Note 5 of the Notes to the Interim Condensed Consolidated Financial Statements in Part I of this report.

Various litigation, claims and assessments against the Company, in addition to those discussed previously and those otherwise provided for in the Company's consolidated financial statements, have arisen in the course of the Company's business, including, but not limited to, in connection with its activities as an insurer, employer, investor, investment advisor and taxpayer. Further, state insurance regulatory authorities and other federal and state authorities regularly make inquiries and conduct investigations concerning the Company's compliance with applicable insurance and other laws and regulations.

It is not possible to predict the ultimate outcome or provide reasonable ranges of potential losses of all pending investigations and legal proceedings. In some of the matters referred to previously, large and/or indeterminate amounts, including punitive and treble damages, are sought. Although, in light of these considerations, it is possible that an adverse outcome in certain cases could have a material adverse effect upon the Company's financial position, based on information currently known by the Company's management, in its opinion, the outcomes of such pending investigations and legal proceedings are not likely to have such an effect. However, given the large and/or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material adverse effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods.

Item 1A. Risk Factors

The following should be read in conjunction with, and supplements and amends, the factors that may affect the Company's business or operations described under "Risk Factors" in Part I, Item 1A of the 2010 Annual Report, as disclosed below.

Difficult Conditions in the Global Capital Markets and the Economy Generally May Materially Adversely Affect Our Business and Results of Operations and These Conditions May Not Improve in the Near Future

Our business and results of operations are materially affected by conditions in the global capital markets and the economy generally, both in the U.S. and elsewhere around the world. Stressed conditions, volatility and disruptions in global capital markets or in particular markets or financial asset classes can have an adverse effect on us, in part because we have a large investment portfolio and our insurance liabilities are sensitive to changing market factors. Disruptions in one market or asset class can also spread to other markets or asset classes. Although the disruption in the global financial markets that began in late 2007 has moderated, not all global financial markets are functioning normally, and some remain reliant upon government intervention and liquidity. Upheavals in the financial markets can also affect our business through their effects on general levels of economic activity, employment and customer behavior. Although the recent recession in the U.S. ended in June of 2009, the recovery from the recession has been below historic averages and the unemployment rate is expected to remain high for some time. Inflation had fallen over the last several years, but is now rising, and Central Banks around the world have begun tightening monetary conditions. The global recession and disruption of the financial markets has led to concerns over capital markets access and the solvency of certain European Union member states, including Portugal, Ireland, Italy, Greece and Spain. In the event political discord in the U.S. prevents agreement on a national debt ceiling or budget, the U.S. could default on obligations, which would further exacerbate concerns over sovereign debt of other countries. The Japanese economy has been significantly negatively impacted by the March 2011 earthquake and tsunami, and the resulting serious disruption to power supplies and release of radiation from a damaged nuclear power plant in northeastern Japan. Disruptions to the Japanese economy are having and will continue to have negative impacts on the overall global economy, not all of which can be foreseen.

Our revenues and net investment income are likely to remain under pressure in such circumstances and our profit margins could erode. Also, in the event of extreme prolonged market events, such as the recent global credit crisis, we could incur significant capital and/or operating losses. Even in the absence of a market downturn, we are exposed to substantial risk of loss due to market volatility.

We are a significant writer of variable annuity products. The account values of these products decrease as a result of downturns in capital markets. Decreases in account values reduce the fees generated by our variable annuity products, cause the amortization of deferred policy acquisition costs to accelerate and could increase the level of insurance liabilities we must carry to support those variable annuities issued with any associated guarantees.

Factors such as consumer spending, business investment, government spending, the volatility and strength of the capital markets, and inflation all affect the business and economic environment and, ultimately, the amount and profitability of our business. In an economic downturn characterized by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending, the demand for our financial and insurance products could be adversely affected. Group insurance, in particular, is affected by the higher unemployment rate. In addition, we may experience an elevated incidence of claims and lapses or surrenders of policies. Our policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. Adverse changes in the economy could affect earnings negatively and could have a material adverse effect on our business, results of operations and financial condition. The recent market turmoil has precipitated, and may continue to raise the possibility of, legislative, regulatory and governmental actions. We cannot predict whether or when such actions may occur, or what impact, if any, such actions could have on our business, results of operations and financial condition. See “Risk Factors — Actions of the U.S. Government, Federal Reserve Bank of New York and Other Governmental and Regulatory Bodies for the Purpose of Stabilizing and Revitalizing the Financial Markets and Protecting Investors and Consumers May Not Achieve the Intended Effect or Could Adversely Affect the Competitive Position of MetLife, Inc. and Its Subsidiaries, Including Us,” “Risk Factors — Various Aspects of Dodd-Frank Could Impact Our Business Operations, Capital Requirements and Profitability and Limit Our Growth,” “Risk Factors — Our Insurance and Brokerage Businesses Are Heavily Regulated, and Changes in Regulation May Reduce Our Profitability and Limit Our Growth” and “Risk Factors — Competitive Factors May Adversely Affect Our Market Share and Profitability” in the 2010 Annual Report.

Item 6. Exhibits

(Note Regarding Reliance on Statements in Our Contracts: In reviewing the agreements included as exhibits to this Quarterly Report on Form 10-Q, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about MetLife Insurance Company of Connecticut, its subsidiaries or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and (i) should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement; (iii) may apply standards of materiality in a way that is different from what may be viewed as material to investors; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments. Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about MetLife Insurance Company of Connecticut and its subsidiaries may be found elsewhere in this Quarterly Report on Form 10-Q and MetLife Insurance Company of Connecticut's other public filings, which are available without charge through the SEC's website at www.sec.gov.)

Exhibit No.	Description
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

METLIFE INSURANCE COMPANY OF CONNECTICUT

By: /s/ Peter M. Carlson

Name: Peter M. Carlson

Title: Executive Vice President, Finance Operations and
Chief Accounting Officer
(Authorized Signatory and Principal Accounting Officer)

Date: May 12, 2011

Exhibit Index

(Note Regarding Reliance on Statements in Our Contracts: In reviewing the agreements included as exhibits to this Quarterly Report on Form 10-Q, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about MetLife Insurance Company of Connecticut, its subsidiaries or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and (i) should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement; (iii) may apply standards of materiality in a way that is different from what may be viewed as material to investors; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments. Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about MetLife Insurance Company of Connecticut and its subsidiaries may be found elsewhere in this Quarterly Report on Form 10-Q and MetLife Insurance Company of Connecticut's other public filings, which are available without charge through the SEC's website at www.sec.gov.)

Exhibit No.	Description
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

CERTIFICATIONS

I, Michael K. Farrell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MetLife Insurance Company of Connecticut;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2011

/s/ Michael K. Farrell

Michael K. Farrell
Chairman, President and
Chief Executive Officer

CERTIFICATIONS

I, Stanley J. Talbi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MetLife Insurance Company of Connecticut;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2011

/s/ Stanley J. Talbi

Stanley J. Talbi
Executive Vice President and
Chief Financial Officer

SECTION 906 CERTIFICATION

CERTIFICATION PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Michael K. Farrell, certify that (i) MetLife Insurance Company of Connecticut's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of MetLife Insurance Company of Connecticut.

Date: May 12, 2011

/s/ Michael K. Farrell

Michael K. Farrell
Chairman, President and
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to MetLife Insurance Company of Connecticut and will be retained by MetLife Insurance Company of Connecticut and furnished to the Securities and Exchange Commission or its staff upon request.

SECTION 906 CERTIFICATION

CERTIFICATION PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Stanley J. Talbi, certify that (i) MetLife Insurance Company of Connecticut's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of MetLife Insurance Company of Connecticut.

Date: May 12, 2011

/s/ Stanley J. Talbi

Stanley J. Talbi
Executive Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to MetLife Insurance Company of Connecticut and will be retained by MetLife Insurance Company of Connecticut and furnished to the Securities and Exchange Commission or its staff upon request.